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**The Re-examination of Taiwan's Democratisation:
The KMT's Factional Politics and
Taiwan's Democratic Transition**

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A thesis submitted in fulfilment of
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Abstract

The study of the movement toward political liberalisation and democratisation in Taiwan is exceptionally interesting. First, the KMT is the only example of a ruling Leninist party which has successfully transformed itself into a competitive party while in power. Second, the KMT is the only case of a Leninist party in a capitalist setting. Third, Taiwan's international political status is unique. Furthermore, the Taiwanese case raises broader theoretical issues about the process of democratisation. In particular, Taiwan's political development might also raises important comparative questions with those countries that are of one-party system and that have pursued similar development strategies.

A variety of theories have been considered to study the origins and process of Taiwan's democratisation. Modernisation theory posits that Taiwan's democratic transition was a consequence of rapid economic growth and social change; the transition approach focuses on the institutional efforts of the political opposition; one form of democratisation theory emphasises the key role of an individual leader, in this case Chiang Ching-kuo; and the structural approach calls for attention to the analysis of external influence.

However, most of the existing predominant theories in the study of Taiwan's democratisation only provide static analyses of Taiwan's movement toward democratisation. They seem insufficient to explain how Taiwan's democratic threshold was actually crossed. As a result, this study is aimed at re-examining the origins and process of Taiwan's democratic transition through a different approach, i.e. the factionalism approach, which primarily assumes a situation where political elites and political institutions rely exclusively upon clientelist ties to structure political action.

My fundamental research hypothesis is: the change of the KMT's clientelist alliance relations with its institutional clients in the local units, i.e. local factions was the most crucial factor of Taiwan's democratisation. In other words, I presuppose that the key to Taiwan's democratic transition was the conflict and disunion within the KMT's ruling structure. The fracture of the clientelist alliance relations between the KMT and local factions in the late 1970s, when the KMT central authority adopted a faction replacement policy to reduce the overall power of local factions, provided fertile ground for the rise of the political opposition whose strategic interaction with the regime finally drove Taiwan toward democracy.

Thus, this study focuses on the processes by which changes occurred in the clientelist alliance (patron-client) relations between the KMT and local factions as part of the movement toward democracy. The factionalism approach leads to an investigation of the relationships among the KMT's mainlander ruling elites, among Taiwan's indigenous elites, and between the KMT regime and local factions. Through the analysis of changes of the clientelist relationships between the KMT and local elites, the questions of how the KMT's authoritarian rule over Taiwan could be maintained for four decades and how the democratic threshold in Taiwan was finally crossed can be explained. This study offers a new as well as fresh contribution to the study of Taiwan's democratisation.

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William Tsai

1 August 1998

Declaration

"I certify that all materials in this thesis which
are not my own work have been properly identified
and that no materials are included for which
any degree has previously been conferred upon me."

William Tsai

1 August 1998

A handwritten signature in dark ink, appearing to be 'W. Tsai', written in a cursive style.

Abbreviations

ADB	Asian Development Bank
ANPP	Association for National Development Promotion
APEC	Asian Pacific Economic Co-operation
APP	Association for Public Policy
ARATS	Association for Relations Across the Taiwan Straits
CAC	Central Advisory Committee
CC	Central Committee
CCK	Chiang Ching-kuo
CCP	Chinese Communist Party
CDP	China Democratic Party
CDRA	Chinese Democratic Reforms Alliance
CFC	Central Finance Committee
CRC	Central Re-organisation Committee
CSC	Central Standing Committee
DPP	Democratic Progressive Party
FD	Foundation for Democracy
GATT	General Agreement on Tariffs and Trade
GPWD	General Political Warfare Department
IIR	The Institute of International Relations, National Chengchih University, Taipei
KMT	Kuomintang; Chinese National party
LDP	Liberal Democratic Party
MAC	Mainland Affairs Council
NICs	Newly Industrialising Countries
NP	New Party or Chinese New Party

NPC	National People's Congress
NSAYC	National Salvation Anti-Communist Youths Corps or China Youth Corps
NUC	National Unification Council
PAC	Political Activities Committee
PAP	People's Action Party
PLA	People's Liberation Army
PRC	People's Republic of China
RDEC	Research, Development and Evaluation Commission, Executive Yuan, ROC.
ROC	Republic of China (Taiwan)
SEF	Straits Exchange Foundation
SMD	Single-member District
SNTV	Single Non-transferable Vote
TIP	Taiwan Independent Party
TCP	Taiwanese Communist Party
Three F(s)	Free Formosans' Formosa
TRA	Taiwan Relations Act
UFI	United Formosans for Independence
UFAI	United Formosans in America for Independence
UPI	United Press International
WTO	World Trade Organisation
WUFI	World United Formosans for Independence

Map of Taiwan



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Source: Peter Ferdinand (ed.), *Take-off for Taiwan?* (London: The Royal Institute of International Affairs, 1996).

CHAPTER 1

Introduction: A Different Approach for Study of Taiwan's Democratisation

In the 1997 year-end elections for county magistrates and city mayors in Taiwan, the major opposition party, the Democratic Progressive Party (DPP), won 12 of 23 seats by gaining 43.32 per cent of the popular vote. By contrast, the ruling KMT took only 8 seats with 42.12 per cent of the popular vote, while independents gained 3.¹ This election marked the first time that the KMT lost to a second party. Since the election, the DPP has effectively administered local areas accounting for a majority of the Taiwanese population, or 72.59 per cent.² Although local success can not be translated into a change of national government, the DPP's striking victory did imply a high potential for the party to substitute the KMT as a ruling power in the near future.

The DPP's remarkable growth was unpredictable when Taiwan's politics began to open up 10 years ago. Before then, several scholars posited that Taiwan would move to a system like the Japanese one-party dominant one in which the ruling conservative KMT would continue to dominate the political scene through its electoral support, as the Liberal Democratic Party (LDP) had done in Japan since 1955.³ The KMT possessed a great deal of strength, both politically and economically. This allowed the party to run election campaigns with enormous organisational and financial resources that are necessary for,

yet cannot guarantee, electoral success. The KMT's success in leading Taiwan's economy toward rapid development also gave the party significant prestige which helped it to obtain the electoral support of the public.

Moreover, the existing single non-transferable-vote multiple-member electoral system for legislatures at all levels (as it was for the LDP) was advantageous for the KMT. The KMT was able to remain the ruling authority by controlling local and national assemblies even if it lost the executive offices to the opposition. Furthermore, the low level of overlap of social and political cleavages in Taiwan offset the mobilisation capacity of opposition parties. The DPP had generally been viewed as too fragmented and structurally disadvantaged to constitute a viable alternative. Similarly, its strong ideological stance on Taiwan Independence and its previous image of resorting violent protests to achieve its ends had been thought to prevent the DPP from developing very much further since those tend to turn away stability-minded business elites and the middle class.

The DPP's remarkable achievement in the 1997 elections revealed the success of its transformation from an ideological party toward a new stage of maturity, responsibility, and policy leadership. Undoubtedly, a bi-party system dominated by both the KMT and the DPP has now come about in Taiwan after the 1997 elections. As Pao Tzung-ho, professor and chairman of the Department of Political Science at National Taiwan University mentioned, the outcome of the 1997 local executive elections is an indication that democracy is maturing in Taiwan. It could be viewed as a new landmark in Taiwan's democratic development.⁴

1.1 Research Motives and Purposes

The study of the movement toward political liberalisation and democratisation in Taiwan is exceptionally interesting. First, the KMT is the only example of a ruling Leninist party which has successfully transformed itself into a competitive party holding power via the ballot box. The KMT is also the only case of a ruling Leninist party in a capitalist setting. Furthermore, Taiwan's international political status is unique.⁵ The Taiwanese case raises broader theoretical issues about the process of democratisation. In addition, Taiwan's political development also raises important comparative questions with those countries that also have one-party systems, such as Mexico, and that have pursued similar development strategies, such as South Korea.⁶

A variety of theories have been considered to study of the origins and process of Taiwan's democratisation. Modernisation theory posits that Taiwan's democratic transition was a consequence of rapid economic growth and social change; the transition approach focuses on the institutional efforts of the political opposition; one form of democratisation theory emphasises the key role of an individual leader, in this case Chiang Ching-kuo; and the structural approach calls for attention to the analysis of external influence.

However, most of the existing predominant theories in the study of Taiwan's democratisation only provide static analyses of Taiwan's movement toward democratisation. They seem insufficient to explain how Taiwan's democratic threshold was actually crossed. As a result, this study is aimed at re-examining the origins and process of Taiwan's democratic transition through a different approach, i.e. the factionalism approach, which primarily assumes a situation where political elites and political institutions rely exclusively upon

clientelist ties to structure political action, i.e. what Robert A. Scalapino terms "informal politics".⁷

As I will discuss in depth later, although the KMT after 1949 sought to stamp out factionalism within its own ranks, it actively encouraged a depoliticised form of factionalism in society more generally. The KMT deliberately institutionalised its connections with local factions through a patronage system. By way of clientelist alliances with local factions, the KMT could obtain necessary support from the grassroots through elections so as to legitimise its rule in Taiwan. However, the influence of local factions was gradually enhanced with Taiwan's political and economic changes over time. The KMT became worried by the growth potential of local factions and tried to curb them. Thus, the clientelist alliance relations between the KMT and local factions were fractured.

My fundamental research hypothesis is: the change of the KMT's clientelist alliance relations with its institutional clients in the local units, i.e. local factions was the most crucial factor of Taiwan's democratisation. In other words, I presuppose that the key to Taiwan's democratic transition was the conflict and disunion within the KMT's ruling structure. The fracture of the clientelist alliance relations between the KMT and local factions in the late 1970s, when the KMT attempted to reduce the overall power of local factions, brought about resentment from local factions which worked to undermine the KMT's own unity. This provided fertile ground for the rise of the political opposition whose strategic interaction with the regime finally drove Taiwan toward democracy.

Thus, this study focuses on the processes by which changes occurred in the clientelist alliance (patron-client) relations between the KMT and local factions as part of the movement toward democracy. In order to study the KMT's factional politics and to investigate the dynamics of the KMT-local

factions alliance relationships, the factionalism approach is here adopted as the major research perspective. My research interests and hypothesis are developed on the basis of an intensive literature review of Taiwan's democratisation. Yet a general review of democratisation theories are required before we have an overview of literatures of Taiwan's democratisation.

1.2 Three Theoretical Approaches of Democratisation Studies

According to David Potter et al., the word democratisation refers to political changes moving in a democratic direction. "The character of such movement over time is from less accountable to more accountable government, from less competitive (or non-existent) elections to freer and fairer competitive elections, from severely restricted to better protected civil and political rights, and from weak (or non-existent) autonomous associations in civil society to more autonomous and more numerous associations."⁸

A great number of ideas and explanatory generalisations used to explain patterns of democratisation can be grouped into three general types of theoretical approach: the modernisation approach, transition approach and structural approach. Although there can be important theoretical differences in each of these theoretical approaches, they tend to share certain ideas and analytical procedures not characteristic of the other two. Although each approach does not offer a totally different type of explanation from the other two, the emphasis of each one is certainly different.

The Modernisation Approach

The explanatory focus of the modernisation approach is socio-economic development. Modernisation theorists posit that democracy is related to a country's economic development or level of modernisation. It emphasises a number of social and economic requisites either associated with existing liberal democracies or necessary for successful democratisation.⁹ Although many other variables are also brought into the explanation, the extent of modernisation (or level of socio-economic development) is the key. The essay "Economic Development and Democracy" by Seymour Martin Lipset in his book *Political Man* (1960) is the founding work of the modernisation approach. In that essay, Lipset argued that "the more well-to-do a nation, the greater the chances that it will sustain democracy."¹⁰

Quantitative evidence is essential to explanations in the modernisation approach. There is a preoccupation with indicators that can be measured. Also, each indicator or "requisite" of democracy is expressed as a variable. The explanatory procedure consists of identifying significant correlations between a number of discrete socio-economic variables each of which is associated with a democracy variable.¹¹ Socio-economic correlates of democracy offered by theorists of the modernisation approach generally include: high levels of urbanisation, industrialisation, rising per capita income, high literacy rates and mass communication.

There are two important characteristics about the correlative explanations of the modernisation approach, mentioned D. Potter. First, each one is expressed in a universal form. The relationships have a law-like quality and they supposedly apply to all countries. Second, each correlational statement also assumes linearity. The statement of a relationship between two variables

assumes that the variation can be plotted on a single line or continuum, up or down.¹² However, the modernisation approach is questioned from time to time as certain correlations may not hold for all countries due to important regional differences in the world. What is more, the central assumption of the modernisation approach ignores various other possibilities; for example, that increasing levels of socio-economic development may have a negative impact on democracy.¹³

The Transition Approach

An influential challenge to the modernisation approach was made by Dankwart Rustow in his article "Transitions to Democracy" (1970). He argued that any genetic theory of democracy would do well to assume a two-way flow of causality, or some form of circular interaction, between politics on the one hand and economic conditions on the other hand.¹⁴ Although he recognised a linkage between politics and economics, he denied that this linkage runs in only one direction. While there exist many cases of economic development leading to democracy, there are also cases of democracy leading to economic development. Thus, he emphasised that socio-economic development is affected by democratisation as much as democratisation is affected by socio-economic development.¹⁵

Proponents of the transition approach disagree that modernisation will inevitably lead to political democratisation. As Adam Przeworski and Fernando Limongi argued, "only once democracy is established do economic constraints play a role: the chances for the survival of democracy are greater when the country is richer."¹⁶ Transition theorists are interested in the question of "how a democracy comes into being in the first place" rather than "what factors can best preserve or enhance the health and stability of a democracy" (as

modernisation theorists are). To deal with this kind of question, they argue that a historical approach provides a sounder basis for analysis.

Based on holistic considerations of different countries as case studies, transition theorists posit that democracy is born of conflict, never as a result of simply peaceful evolution. Although each country may go through a different struggle, there is always major group conflict between the ruling and opposing groups. The adoption of democratic rules, which give each some share in the polity, is always a conscious decision by political elites to cushion intense struggle. However, the conscious adoption of democratic rules may be seen by the ruling group and the opposition as necessary rather than desirable changes due to compromises that had to be made. Gradually, democratic rules, once made, become a habit. With that, a democratic regime may be said to become established.¹⁷

In general, the transition approach claims that democracy is not a by-product of modernisation. Rather, democracy is the outcome of tacit bargaining among contending political forces. Its explanatory focus is historical political processes marked by social conflict. What drives these historical processes is the agency of political elites in conflict, but not the people. It believes that certain actions, choices and strategies of political elites are beneficial to democratic transition, others are not. To express it simply, in the view of the transition approach, democratisation is largely contingent on what elites and individuals do when, where and how.¹⁸

The Structural Approach

The basic assumption of the structural approach to democratisation is that the particular interrelationships between certain structures of power in the

economic, social, and political spheres over time provide constraints and opportunities that drive political elites and others along a historical trajectory leading towards democracy. Thus, the historical route to liberal democracy is determined fundamentally by changing structures, not by elite initiatives and choices.¹⁹ Since structures of power normally change gradually through history, the explanatory focus here is long-term processes of historical change. The explanatory procedure of this approach is thus comparative historical analysis of whole countries aimed at discerning historical causes of democratisation.²⁰

Structural theorists posit that democratisation processes are explained not by the agency of political elites but primarily by changing structures of power. A country's historical trajectory towards liberal democracy or some other political form is finally shaped by changing structures of class, state and transnational power driven by a particular history of capitalist development.²¹ A classic starting work of the structural approach is Barrington Moore's *Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World* (1966), where the author concluded that common changing relationships between peasants, lords, urban bourgeoisie and state led towards the political form of liberal democracy.²²

The role of the state is significant in the explanatory focus of the structural approach. Structural theorists believe that the changing structure and form of state power has been fundamental to democratisation. For example, they assume that a very powerful and almost entirely autonomous state in relation to social classes and groups has provided a most uncongenial setting for democratisation. This has been especially so where the military and the police have been strong within the state apparatus. What is more, democratisation has had more chance of success in the middle ground between not enough and too much state power.²³

The structural approach also emphasises influence beyond the country boundaries, i.e. international and transnational interactions. It believes that external events can help to trigger democratisation. Even more importantly, changing geopolitical and international processes can profoundly affect domestic states and class structures in the longer term and propel them in a democratic direction.²⁴ The most recent structural explanation by Dietrich Rueschemeyer *et al.* (1992) points out that changing configurations of transnational power can affect class alignments and the changing nature of the state, and indirectly the historical trajectory toward democracy or other political patterns.²⁵

For example, Paul Cammack's research suggests that transnational economic relations between advanced capitalist countries and dependent Latin America countries weakened the pro-democracy forces in the latter, as they delayed industrialisation and limited the size of the working classes.²⁶ Similarly, my study in the following chapters will show that Taiwan's geopolitical dependence on the US in the 1950s and 1960s was unfavourable to its democratic prospects as massive US military and economic aid strengthened the KMT regime, thus affecting the domestic balance of class forces. However, the downgrading of Taiwan's strategic importance in the US global defence policy in the early 1970s caused Taiwan's diplomatic setbacks, created disturbances to the credibility of the KMT regime, and finally triggered Taiwan's democratic transition.

1.3 Literature Review of Taiwan's Democratisation

Many theories have been put forward to explain the origins and process of Taiwan's political liberalisation and democratisation. One among them, modernisation theory, claims that democracy is a consequence of rapid economic growth and social change in a capitalist economy. As Lucian Pye suggested, "Taiwan is possibly the best working example of the theory that economic progress should bring in its wake democratic inclinations and a healthy surge of pluralism, which in time will undercut the foundations of the authoritarian rule common to developing countries."²⁷ Michael Ying-mao Kau also emphasised the dialectical relationship in the interaction between Taiwan's economic modernisation and political development.²⁸

With Taiwan's economic takeoff, the literacy rate increased, mass communication intensified, per capita income rose, and a professional middle class merged. These conditions are auspicious for the advance of a modernising democracy. On the other hand, Taiwan's economic development has two special features. First, businesses in Taiwan are small and unorganised, and therefore they are also beyond the reach of the government. Second, because national politics was reserved for mainlanders, the Taiwanese pursued economic advancement. The bifurcation of political and socio-economic elites muted Taiwan's ethnic cleavage.²⁹ The characteristics of Taiwan's economy also appeared to be conducive to the emergence of a more liberal politics.

Economic modernisation does not necessarily ensure political democratisation, however. As Goran Therborn emphasised, many countries democratised not because of modernisation, but because of wars, economic crises, foreign pressures, or the collapse of dictatorship.³⁰ Samuel P. Huntington also stated that modernisation does not necessarily lead to increased

democratisation although he agreed that there did seem to be a high correlation between democracy and the precondition of wealth since socio-economic changes tend to encourage the public's desire for political change or reforms.³¹

Gullermo O'Donnell argued, rapid development can itself be destabilising because "social and economic modernisation might politicise dissatisfactions and put burdens on the state that the state is not prepared to carry."³² On the other hand, Peter R. Moody, Jr. claimed that economic modernisation may stabilise an authoritarian regime and provide the strength to suppress destructive pressures for participation instead of fostering democracy.³³ In the case of Taiwan, from the start the KMT pursued policies that were generally favourable to private sector growth. There were thus few incentives for the private sector to attempt to reshape the political order.³⁴ Despite the contrary, they all agreed that economic modernisation does not certainly bring about democratisation.

In particular, two historical legacies are disadvantageous for Taiwan's progress toward democracy. First, the KMT's powerful organisational reach and its dominant ideology pose greater difficulties for democratisation than is the case in one-party regimes dominated by the military. As a Leninist party, the KMT may do its utmost to resist fundamental institutional transformation from a hegemonic party into an ordinary party in a competitive political arena.³⁵ As the KMT has been incorporated greatly into the state in organisational and personnel terms, "separation between the party and state, the de-politicising of the state bureaucracy and especially the military-security apparatus will represent the most formidable hurdle for the pact negotiation of democratisation."³⁶

Second, Taiwan's colonial legacy makes democratisation difficult. Unlike some other third-world countries, Taiwan had little prior experience of democracy. Institutional diffusion during the colonial era came from an authoritarian Japan rather than from a liberal democratic Western power, as was the case in the Philippines. Post-war Taiwan did not inherit any democratic infrastructures. Although Taiwan was decolonised through a wholesale transfer of power and resources from the defeated Japanese to the KMT after the World War Two, the KMT has in many ways resembled a colonial regime through its tight political control of domestic politics. Thus, the process of democratic transition became much more laborious.³⁷

Theorists of the transition approach (such as Adam Przeworski and Guillermo O'Donnell) claimed that democratic rules and institutions are outcomes of implicit or explicit bargaining between the ruling elites and the opposed. Their explanatory focus is on the processes by which democratic forces in society emerge, grow, and outmanoeuvre the regime to establish a new institutional framework.³⁸ As Cheng Tun-jen and Stephan Haggard pointed out, "the democratic transition in Taiwan was advanced by the ability of the opposition to set the agenda, to use extralegal methods, to shift bargaining arenas, and eventually to push the ruling elite toward new rules of the game."

Both of them argued that the KMT's agreement to expand political participation and initiate democratic reforms would not have been possible without the efforts of the political opposition.³⁹ Cheng Tun-jen and Stephan Haggard's views were shared with Edward Friedman who asserted that Taiwan should be comprehended as a country in which democratisation was made not by economic growth but by political struggle between the ruling elites and the democratic opposition resulting in a compromise pact in which anti-democratic intransigents among elites and challenges began to be

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marginalised.⁴⁰

With Taiwan's rapid economic growth in the 1960s, a new group of middle-class intellectuals emerged. Differing from the old opposition elites group which consisted of a few mainland liberal intellectuals and indigenous elites who pursued democracy in the 1950s, leaders of the new democratic movement were rooted in local society and better equipped with organisational skills.⁴¹ The opposition's victory in 1977 elections created a phase of strategic interaction between the opposition and the regime. The opposition's subtle setting of a negotiation agenda, and its skillfully coordinated mass movement in the streets and opposition in the Legislative Yuan eventually forced the KMT to address the issues of democratisation.⁴² Internal debate between the KMT's hard-liners and soft-liners also advanced the process of the opposition's strategic interaction with the regime.⁴³

Indeed, the opposition could generate pressures to enlarge the discrepancy among ruling elites. However, they were unable to initiate democratic transition. As Wang Cheng-huan claimed, the initiative for democratic reforms is always in the hands of the ruling elites rather than the opposition or the rank-and-file. In his view, Taiwan's democratisation was a passive revolution initiated by the KMT leadership to preserve their privileges and interests by way of institutional reforms and ruling strategy changes designed to block and absorb dissatisfactions from below. Therefore, he argued Taiwan's political democratisation was a case of revolt from above, not below.⁴⁴ Samuel P. Huntington, and Andrew J. Nathan and Helena Ho also agreed that Taiwan's democracy was contributed by the KMT elites taking the lead in bringing about democracy.⁴⁵

Undoubtedly, Chiang Ching-kuo played an indispensable personal role in the process of Taiwan's democratisation. As Tien Hung-mao pointed out, Chiang Ching-kuo steered Taiwan's political development in a reformist direction by initiating a Taiwanisation policy after he came to power in the 1970s. In 1986, two years before his death, Chiang Ching-kuo instructed the KMT Central Standing Committee (CSC) task force to study reform measures. He also authorised a formal channel of communication with the opposition leaders in an effort to maintain an orderly reform process, and held meetings with civilian and military leaders to hold off a possible crackdown on the opposition following the formation of the DPP.⁴⁶

However, the view that Taiwan's political reforms were caused by a single personality seems inadequate as an explanation of why and how the democratic progress was initiated. As Chou Yangsun, Andrew J. Nathan and Chu Yun-han mentioned, no power-holder is willing to give up power voluntarily. Without the KMT's legitimacy beginning to be exposed to serious challenges, its efforts to adapt the party-state apparatus would not have been possible.⁴⁷ Indeed, the KMT would never have agreed to expand political participation before the upsurge of strong pressure from the political opposition.⁴⁸ A similar view is argued by Chen Ming-tung, who refers to Chiang Ching-kuo's "mercy" to the opposition movements.⁴⁹

Another category of democratisation studies, the structural approach, views Taiwan's democratic transition as a consequence of international and transnational influence. For example, Chu Yun-han, Hu Fu and Moon Chung-li suggested that international development whether political, economic, or technological can create pressures and incentives amenable to democracy. Also, transnational ideological and cultural flows can enhance democratisation.⁵⁰ That is very true that, in reality, Washington's policy

orientations toward the two Chinese governments on both sides of the Taiwan Straits had significant influence on Taiwan's political development for the time being, especially Taiwan's political opening in the late 1980s.⁵¹

Cheng Tun-jen shared a similar view to that of Chu, Hu and Moon, claiming that the KMT's decision to open up Taiwan's politics in the late 1980s arose because of the incentives to shore up its relations with Washington in the light of the regime's damaged international image caused by the killing of several Chinese-Americans through the security apparatus.⁵² Hermann Hailbeisen and Peter Ferdinand also suggested that the victory of the peaceful democratic revolution of Mrs Aquino over President Marcos in the Philippines had a cheering, inspirational effect on Taiwan's democratisation. The decrease of the apparent threats of invasion from the mainland as a result of China's modernisation was also conducive to Taiwan's political opening up.⁵³

Admittedly, external resources can originate incentives, constraints, and conditions for a country's domestic political development. International political and economic forces, global trends toward economic liberalism, demonstration effects abroad, intensified international exchanges, and communication have all generated certain incentives to move Taiwan toward political liberalisation and democratisation. However, the view of democratisation steered from the outside is insufficient to elucidate the democratic breakthrough in Taiwan. "Unless there is a direct intervention by foreign actors, as in Germany or Japan, or cataclysmic external events, as in Argentina's military loss to Britain, external factors are unlikely to determine the process of democratisation."⁵⁴

1.4 A Different Approach: The Factionalism Approach

A recent approach for study of the origins of Taiwan's democratisation has been offered by Chen Ming-tung. Through the historical studies of Taiwan's political dynamics upon the factionalism approach, Chen Ming-tung concluded that conflict within the KMT ruling structure was the crucial factor for Taiwan's democratic transition.⁵⁵ His views coincide with Wang Cheng-huan who proposed that a change of state apparatus is normally caused by conflict and disunion between ruling elites.⁵⁶ In terms of explanatory focus, this approach is close to the transition approach.

In practice, clientelism was an important concept to investigate the KMT's governing in Taiwan for the past four decades. Researchers such as Chen Ming-tung, Chu Yu-han and Wakabayashi Masatake all highlighted the importance of clientelism for the KMT's political management during the period of authoritarian rule. Clientelism was particularly useful in explaining the KMT's dominance over local political society. Through the regime patronage system linking with local elites, the KMT could penetrate Taiwanese society, where the KMT had no popular base or experience in governing, and could obtain necessary support from the grassroots to legitimise its rule in Taiwan. This is why the KMT was able to maintain its authoritarian control before Taiwan's democratisation.⁵⁷

However, the KMT's clientelist alliances with local factions was not unbreakable. Basically, there were two underlying problems existing in the KMT-local factions clientelist alliance structure: the Taiwanese-mainlander rift and the institutional autonomy of local factions. With Taiwan's political and economic changes over time, the influence of local factions was enhanced. Thus, they became more and more independent of the KMT. The emergence

of the political opposition also changed the relationship between the KMT and local factions. It became a three-player game. The patron-client relations between the KMT and local factions profoundly changed.

According to Cheng Ming-tung's research of Taiwan's factional politics, the KMT's large-scale attempts to reduce the overall power of local factions in the late 1970s fractured its alliance relations with those factions. Local factions reacted to KMT central authority by supporting the opposition in the 1977 elections in which the opposition scored their first electoral victory. The 1977 elections expanded the opposition's capacity and political space. After the elections, the opposition became a political force capable of compelling the KMT to introduce political changes.

In retrospect, the opposition's breakthrough in the 1977 elections was crucially important for the growth of the democratic movement. However, the opposition was unable to score this electoral victory without the support of local factions. Before the 1977 elections, the opposition had still not gained sufficient capability and momentum to challenge the KMT central authority.⁵⁸ Support from local factions certainly contributed to the rise of the opposition in the 1977 elections.

Afterwards, the political opposition continued to expand through elections despite the KMT's repression known as the Kaohsiung Incident in December 1979 and institutionalised barriers to electoral contests. Increasingly, popular support for the opposition reduced the KMT's electoral superiority and accelerated the KMT's weakening authoritarianism. The KMT's concerns about the possibly high costs of any crackdown on the extralegal establishment of the DPP (in September 1986) resulted in the staged victory of democratic development. Subsequently, the KMT began to address issues and initiate

democratisation strategies.

What is noteworthy is that, clientelism leads to political factionalism. Due to the KMT's adoption of clientelism for its political management, factions exist everywhere in Taiwan's politics. Factionalism has existed not only between the KMT's political elites at the centre, but also between those local elites. Political, social and cultural factors also play conducive roles in the development of factional politics in Taiwan. Most important is the regime's regular holding of direct elections for both executive and legislative positions at the county and sub-county levels, and for the Taiwan Assembly since 1950, thus providing fertile ground for the development of factionalism at the local level.

In short, the factionalism approach, which focuses on the coalitions and conflicts between political elites and the effects of factionalism on political development, facilitates an investigation of the movement among the KMT's mainlander ruling elites, Taiwan's local elites, and between the KMT regime and local factions. Through the analysis of changes of the clientelist relationships between the KMT and local elites, is it possible to conclude how the KMT's authoritarian rule over Taiwan could be maintained for four decades and how the democratic threshold in Taiwan was finally crossed. Certainly, the approach of democratisation theory, which I have already reviewed will be applied in this study as well. This study offers a new as well as fresh contribution to the study of Taiwan's democratisation.

One question that arises from this research is how far my study differs from that of Chen Ming-tung. My study basically adopts Chen Ming-tung's theory to examine the correlation between changes in the KMT's factional politics and Taiwan's democratic transition. In Chen Ming-tung's book, *Factional Politics and Political Dynamics of Taiwan* (1995), he posits that the growth and

development of the KMT's factions at both national and local levels (the former refers to the KMT mainlander factions and the latter means Taiwanese local factions) were closely affiliated with the political characteristics of the KMT regime and its authoritarian management of Taiwan.

From this point of view, Chen Ming-tung divides the past four decades of KMT rule in Taiwan into four periods: post-war Taiwan (1945-1949), the re-establishment of the KMT regime (1949-1960), the consolidation of the KMT's authoritarian rule (1960-1988), and Taiwan's democratic transition (1988-1995). Based on this periodisation, Chen Ming-tung thoroughly analyses the patron-client relationships among the KMT's mainlander ruling elites and Taiwan's local elites, and the relationships between the KMT regime and its factions at both national and local levels in each of the four periods, so as to study Taiwan's political dynamics.

General speaking, my study is similar to Chen Ming-tung's work as both our studies look into the political dynamics of Taiwan through analyses of changes within the KMT's factional politics. But although Chen Ming-tung pinpoints the importance of the relationship between the change in the KMT's clientelist alliances with local factions and the strength of its authoritarian rule, and concludes that the fracture of the KMT's clientelist alliances with local factions was the crucial factor of Taiwan's democratisation, his study does not clarify how the conflict within the KMT's ruling structure, i.e. between the KMT and local factions, contributed to Taiwan's democratic transition.

In other words, Chen Ming-tung's study highlights the significance of the phenomena of factional politics in Taiwan's political development. More importantly, his study incisively examines the patron-client relationships among the KMT's mainlander ruling elites and Taiwan's local elites, and between the

KMT regime and its factions. His study is indeed an exceptional work concerning the KMT's factional politics in the past four decades of the KMT rule in Taiwan. However, his work does not study in depth how the change of the KMT's clientelist alliances with local factions brought about Taiwan's democratic transition.

As a result, Chen Ming-tung's study is unable to explain why the KMT was at first able to exert tight control over local factions as well as the political opposition, but was then unable to continue doing so after the 1970s. It cannot explain how local factions' support of the opposition triggered Taiwan's democratic transition. And it is silent on the question of why the KMT had to restore its coalition ties with local factions after the collapse of authoritarian rule despite its attempts to reduce the overall power of local factions in the late 1970s and 1980s.

In summary, my research focuses on how changes in the KMT's factional politics and especially its clientelist alliances with local factions led to Taiwan's democratic transition. This study not only adopts the factionalism approach to investigate the KMT's factional politics, but also takes account of the socio-economic, institutional, and external influence on Taiwan's democratisation. I attempt to offer a dynamic study of Taiwan's democratisation by examining the relationship between the change of the KMT's factional politics and Taiwan's democratic transition.

1.5 Research Notes

It is useful to note that the patron-client relationships studied here contain two types. As I will discuss in detail in Chapter Two, the definition of patron-client

relationship (or clientelism) can be expanded from a strictly dyadic relationship between two persons to a dyadic relationship between two institutions (or groups). Hence, the term "patron" may mean an individual political leader or an institution, i.e. party. Similarly, "client" may mean an individual faction leader or an entire faction.⁵⁹ In this study, the patron-client relationships discussed include the dyadic alliances of faction individuals and also the dyadic alliance between the KMT and local factions as a whole.

The historical approach serves as the major research method in this study. Through historical analysis, we can clearly see the long-term course of changes in the KMT-local factions alliance structure, the dynamics of the KMT's factional politics, and the cause of Taiwan's transition to democracy. Also, this study will depend on qualitative analysis method although some quantitative data will be used to illustrate political changes affecting and being affected by the process of Taiwan's democratisation, and the clientelist alliance relationships between the KMT and local factions. The simple reason for this is, as Cheng Ten-jen and Brantly Womack mentioned, that information, in large part, concerning "informal politics" is unspoken which makes it nearly impossible to acquire reliable quantifiable statistics.⁶⁰

This research will derive from information published in books, journals, government documents, and interviews with scholars, journalists, party officials and politicians from both national and local levels of government in Taiwan. Research materials mainly come from the ROC Academic Sinica, the ROC National Library, the ROC Legislative Yuan, the ROC Information Office, the ROC Mainland Affairs Council (MAC), the KMT Historical Department, the KMT Committee for Mainland Affairs, the KMT Committee for Cultural Affairs, the National Taiwan University, the Institute of International Relations and the Faculty of Social Science of National Chengchi University, and the Public

The main study in this thesis begins in Chapter Three, where the development of the KMT's factional politics at the time of the regime's authoritarian establishment is investigated. Chapter Four focuses on the role of local factions under the KMT regime and the structural dilemma of the KMT's clientelist alliances with local factions. Chapter Five is mainly concerned with the questions of: why the KMT's clientelist alliance with local factions changed, and how the change initiated Taiwan's democratic transition. Studies of the KMT's factionalism and the development of local factions after the collapse of authoritarian rule follow in Chapters Six and Seven. In the final chapter, the research findings are presented; the main research contributions and limitations are delineated; the future of the KMT's factional politics and Taiwanese local factions are considered; and issues for further research are discussed.

¹ In the election, the KMT gained 42.12 per cent of the popular vote and eight of twenty-three contested seats. The DPP achieved 43.32 per cent of the popular vote with twelve seats. The New Party (NP) captured 1.42 per cent of the popular vote, but achieved no seat. The Independent Party held 0.19 per cent of the popular vote with no seats. The Social Reforms Party took 0.07 per cent of the popular vote with no seat. Independent candidates gained 12.87 per cent of the vote with three seats. *Free China Review* vol. 48 no. 2 (February 1998): 34.

² In the 1997 elections, the DPP won major success — in more areas, in the richer countries and cities. After the election, the DPP-administered constituencies at the local level, including Taipei City, had taken 72.59 per cent of the population. By contrast, the KMT-administered constituencies accounted for only 22.10 per cent of the total population, including Kaohsiung

City. *Chung-kuo shih-pao* [China Times] (Taipei), 30 November 1997.

³ For examples, Chen Ming-tung, Cheng Tun-jen and Stephan Haggard, Tien Hung-mao and Chu Yun-han, Edwin A. Winckler, Hsu Jui-his, and Wu Nai-te. See Cheng Tun-jen and Stephan Haggard (eds.), *Political Change in Taiwan* (Boulder, USA: Lynne Rinner Publishers, Inc., 1992), 23-24 and 26-27; Hsu Jui-his, *Cheng-shang kuan-hsi chieh-tu* [The Analysis of State-Business Relationship] (Taipei: Yuan-liu ch'u-pan-she, 1992), 222; Wu Nai-te, "Social Cleavage and Party Competition: An Explanation for Why the KMT Still Rules?" Paper for Institute of Ethnology, ROC Academia Sinica, Taipei, 1993; quoted in Chen Ming-tung, "Local Factions and Elections in Taiwan's Democratisation, in Tien Hung-mao (ed.), *Taiwan's Electoral Politics and Democratic Transition: Riding the Third Wave* (New York: M.E. Sharpe, Inc., 1996), 175; Tien Hung-mao and Chu Yun-han, "Building Democracy in Taiwan," *The China Quarterly* vol. 148 (1996): 1141-1170; Interviews with Professor Chen Ming-tung at National Taiwan University in Taipei on 26 July 1996 and 26 July 1997.

⁴ *Chung-kuo shih-pao* [China Times] (Taipei), 30 November 1997.

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⁷ Robert A. Scalapino, "Informal Politics in East Asia: Introduction," *Asian Survey* (March 1996): 227-229.

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¹⁰ Seymour Martin Lipset, *Political Man* (London: Heinemann, 1960), 31.

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¹³ Mancur Olson, "Rapid Growth as a Destabilizing Force," *Journal of Economic History* vol. 23 (1963): 529-558; quoted in Cheng Tun-jen and Stephan Haggard (eds.), op. cit., 2.

¹⁴ Dankwart A. Rustow, "Transitions to Democracy: Toward a Dynamic Model," *Comparative Politics* (April 1970): 344.

¹⁵ Ibid., 353.

¹⁶ Adam Przeworski and Fernando Limongi, "Modernisation: Theories and Facts," *World Politics* vol. 49 (January 1997): 176-177.

¹⁷ David Potter et al. (eds.), op. cit., 14.

¹⁸ Ibid., 17.

¹⁹ Ibid., 18-19.

²⁰ Ibid., 22.

²¹ Ibid.

²² Barrington Moore, *Social Origins of Dictatorship and Democracy* (Boston: Beacon Press, 1966); quoted in ibid., 19.

²³ Ibid., 21.

²⁴ David Potter, "Democratisation at the Same Time in South Korea and Taiwan," in David Potter et al. (eds.), op. cit., 235.

²⁵ Dietrich Rueschemeyer, E. Stephens and J. Stephens, *Capitalist Development and Democracy* (Cambridge: Polity Press, 1992).

²⁶ Paul Cammack, "Democracy and Dictatorship in Latin America, 1930-80," in David Potter et al. (eds.), op. cit., 152-173.

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³¹ Samuel P. Huntington, "Will More Countries Become Democratic?" *Political Science Quarterly* (Summer 1984): 198.

³² Mancur Olson, op. cit.

- ³³ Peter R. Moody, Jr., *Political Change on Taiwan: A Study of Ruling Party Adaptability* (New York: Praeger Publishers, 1992), 14.
- ³⁴ Cheng Tun-jen and Stephan Haggard (eds.), *op. cit.*, 10.
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- ³⁶ Chu Yun-han, *Crafting Democracy in Taiwan* (Taipei: Institute for National Policy Research, 1992), 21.
- ³⁷ Cheng Tun-jen, *op. cit.*, 472-473.
- ³⁸ Cheng Tun-jen and Stephan Haggard (eds.), *op. cit.*, 3.
- ³⁹ *Ibid.*
- ⁴⁰ Edward Friedman (ed.), *The Politics of Democratisation: Generalising East Asian Experiences* (Oxford: Westview Press, 1994), 51.
- ⁴¹ Peng Huai-en, *T'ai-wan cheng-tang cheng-chih* [Taiwan's Party Politics] (Taipei: Feng-yun-lun-tan ch'u-pan-she, 1994), 71-72.
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- ⁴⁴ Wang Cheng-huan, *Shei t'ung-chih t'ai-wan: ch'uan-hsing-chung te kuo-chia chi-ch'i yu chuan-li-chieh-kou* [Who Governs Taiwan? National Apparatus and Power Structure in Transition] (Taipei: Chu-liu Book Co., Ltd., 1996), 71-72.
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⁵⁷ Chu Yun-han, "Kua-chan ching-chi yu wei-chuan cheng-chi t'i-chih" [Monopolised Economy and Authoritarian Political System], in Hsiao Hsin-huang (eds.), *Lung-tuan yu pao-hsueh: wei-chuan chu-i te cheng-chi ching-chi fen-hsi* [The Analysis of Authoritarian Politics and Economy] (Taipei: Taiwan Studies Foundation, 1989); Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan], *op. cit.*; Wakabayashi Masatake, *T'ai-wan: feng-lieh-kuo-chia yu min-chu-hua* [Taiwan: Divided Country and Democratisation] trans. Hsu P'ei-hsien and Hung Ching-chu (Taipei: Yueh-tan ch'u-pan yu-hsien-kung-szu, 1994).

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⁵⁹ Wang Chen-shiuen, "Faction Politics in Taiwan: A Perspective on Patron-Client Theory," (Ph.D. thesis, University of Kansas, 1996), 4.

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CHAPTER 2

Literature Survey and Research Framework

Elite analysis has been a recurring theme in the history of political thought since Plato's time, but became theoretically systematic only after the efforts of Mosca, Pareto, and Michels in the late nineteenth century. The basic assumption of the elite approach claims that every political system in governance terms involves a distinction between two groups: the ruler and the ruled. The former may be termed the political elite. Elite theorists posit that politics is mainly the activities of political elites who dominate major resources and make key decisions of the state. Their researches thus focus on the behaviour of political elites since they believe that this determines political process and content.¹

Certainly, the basis of politics is conflict. The divergences of social background, political orientation (role perceptions, attitudes, beliefs and values) and, more importantly, interest concerns can bring about both consensus and conflict among political elites. Conflict is particularly prevalent while intense competition over interests occurs. Under such circumstance, political elites organise themselves in different forms to engage in conflict, mobilise resources for struggle, and compete for spoils. A faction, a political structure based on a particular type of clientelist relationship, is one such form of organisation.

Both party and faction are motivated essentially by way of clientelist ties. Whereas a party is seen as a legitimate form of political aggregation, a faction is generally regarded as selfish, non-constructive, and disruptive. Traditionally, factions have been considered a kind of disease within organisations, damaging organisational unity and efficiency. They are said to produce conflict, and cause divisiveness and discord. However, factions play an important part in the organisation of political activity. Conflict between factions has certain consequences for policy outcomes and the management of political organisations.

2.1 The Definition of Faction

The Structure of Factions

It is difficult to define the term 'faction' precisely because of the phenomenal variety of political activity that take place in political parties and the divergence of viewpoints of observers. For example, V. O. Key, A. S. Zuckerman, G. Sartori, and R. A. Scalapino treat faction as a political group within a party or a party sub-unit; S. P. Huntington considers faction as independent political organisation; H. Herzog view faction as a quasi-party organisation; W.N. Chambers defines faction as a premature political organisation.² The lack of agreement in defining the concept of faction is one of the important reasons for the lack of generalisations or theories regarding political factionalism.³

The basic structure of faction is the dyadic alliance. "A dyadic alliance is a voluntary agreement between two individuals to exchange favours and to come to each other's aid in time of need."⁴ Two individuals are connected by

a direct personal tie rather than an organisational relationship with each other. The expectation of altruism toward each other distinguishes a dyadic alliance from a contractual relationship in which the obligations of the contractual parties are clearly delimited. The exchange of favours is one of the purposes of dyadic alliances, but it also serves as a means of maintaining a dyadic alliance by binding two allies together. The continuity of favour exchange demonstrates an individual's interest in the alliance and serves as a public display of the alliance.⁵

Dyadic alliance-building is a strategy of first choice for the lone individual seeking to pursue private interests or goals. First, an individual reserves for himself the right to set his own goals while building the dyadic alliance. Second, it allows an individual to give unequivocal priority to the pursuit of the objectives which he deems to be important. Third, dyadic alliance-building allows an individual a lot of freedom to choose his own tactics and change power relationships in his own interests and in relation to his own goals. Fourth, the technique of dyadic alliance-building is rather simple. There are no organisational trappings, but the alliance gives a certain strength as the exchange continues.⁶

For these reasons, dyadic alliance relationships have advantages over rigid "contractual relations" because they are more flexible, require a lower degree of consensual agreement, and are able to alter specific goals more readily, especially in terms of specific goals. Therefore, to some extent, dyadic alliance relationships offer both allied parties a degree of flexibility, a prerequisite for sustaining long life and enduring a changing political environment.⁷

However, dyadic alliance-building has three limitations. It is ill suited to the mobilisation of a large number of people for the pursuit of collective goals because of the small size of dyads, the nature of the process of dyadic alliance building, and the organisational characteristics of dyads. Moreover, it depends on the willingness of others to ally themselves with an individual. If a person can not afford something which is of value to another person, then the latter is unwilling to become his ally. Furthermore, the reliability and trustworthiness of a dyadic alliance are questionable because the maintenance of the alliance depends on the willingness of both allies to maintain it. Dyadic alliances are voluntary relationships without clearly delineated obligations. They are absent of legal impediments.⁸

Dyadic alliances appear as addenda to institutionalised relationships. They are created in the absence of effective corporate institutions or organisations, revealing the latter's inadequacies. On the other hand, dyadic alliances must be supported by a framework of institutionalised relationships. The interconnection between dyadic alliances and institutionalised relationships can be expected to promote the reliability of the alliances. The most obvious institutionalised relationships are constituted upon organisations of primary ties such as lineage, marriage, religion and region. In addition to institutionalised relationships, the innovation of norms, for example, the norm of reciprocity and the norm of personal loyalty, serves as a method to strengthen the reliability of dyadic alliances.⁹

Dyadic alliances are of two types: horizontal dyadic alliances, and vertical dyadic alliances. Both types of alliances share similar structural characteristics: they involve the direct personal attachment of two individuals to each other, and they exist for the purpose of exchanging favours and providing mutual assurances of aid. However, the socio-economic status and resources of allied

persons in the vertical dyadic alliances are unequal. The superior member of such an alliances is called a patron. By contrast, the inferior member is called his client. As a result, a vertical dyadic alliance is termed a patron-client relationship or clientelist relationship.

The clientelist relationship is different from other kinds of relationships such as the exchange (generic) relationship and the power relationship. Nearly all social processes can be regarded in terms of exchange. The clientelist relationship is also founded on exchange, but is an exchange relationship of a limited and specific kind. It takes different forms and is explicitly recognised, legitimised and reinforced. For this reason, Andrew J. Nathan points out that the clientelist tie is a special, quasi-contractual sub-type of exchange relationship.¹⁰ At the other extreme, the clientelist tie sets up well-understood, although seldom explicit rights and obligations between the partners. It can be abrogated by either member at will. If the subordinate has no choice but obedience, the consequences of the relationship is a power relationship of imperative coordination rather than clientelist relationship.¹¹

Yes, it is important to note that the definition of clientelism (or patron-client relationship) can also be expanded from a strictly dyadic relationship between two persons, as Bruce Jacobs defines it, to a dyadic relationship between two institutions (or groups), as John Duncan Powell asserts. For this reason, the term "patron" may mean an individual political leader or an institution, i.e. party. By the same token, "client" may refer to either an individual faction member or an entire faction. This expanded definition helps explain the situation in Taiwan, where the KMT patron had one-to-one relationships with their clients, i.e. local faction leaders, who in turn are responsible for mobilising the membership of their factions into effective voting blocs for the KMT.¹²

The relationship between patrons and clients is certainly not unchangeable. The assignment of roles of the patron and the client may be unstable. The client may leap ahead of his patron, rising to a higher position. This is particularly likely in a political environment of free competition such as that of electoral politics. The relationship between patron and client may also change if the patron can no longer supply benefits to his client, if the patron's rewards become less attractive, or if a rival patron can provide high rewards at low cost to the client. In other words, the patron-client relationship becomes tenuous when the leadership of the patron loses strength or must compete with other patrons. A major shift in the power of either the patron or the client or both may necessitate a drastic readjustment or even abandonment of the patron-client relationship.¹³

A faction is a complex network which is constituted by a number of dyadic alliances, both horizontal and vertical, through one or more nodes. The network includes all individuals who find themselves in a given field, and who are within direct or indirect reach of each other. Members are recruited and coordinated on the basis of a one-to-one structure rather than a corporate pattern of relationships. They are not totally isolated from each other. They serve as arenas for all their interactions. The more extended the complex faction becomes, the greater the number of subordinate leaders it contains and the further removed faction members are from the primary leaders. The leader of each simple faction within the complex faction is primarily responsible to his own followers for political spoils.¹⁴

Classifications of Factions

The term 'faction' in Chinese (*pai-hsi*) is ambiguous in its meanings. It can be used as the same to describe any kind of organised group both within or outside the formal structure of institutions. This study is going to examine two sets of factions, i.e. factions within the KMT and factions in Taiwan's local units. As a result, a discussion of the various possible classifications of factions is necessary to clarify the differences between the forms of factions analysed in this study. According to the level of institutionalisation, factions can be classified into three types: factional cliques or tendencies, personal or client-group factions, and institutionalised or organisational factions.¹⁵

Factional cliques or tendencies are organised by a group of people on the basis of a shared ideology, policy goal or interest, centred on personal characters. They are either almost totally unorganised or else they are very ephemeral organisations, and they are typically quite informal without a faction symbol, name, headquarters, regular meeting, or known membership. The duration of factional cliques or tendencies is normally short. The right wing of the Conservative Party in Britain, the conservatives and liberals of both the Democratic Party and Republican Party in the United States, and the mainstream and non-mainstream factions of the KMT in the post-Chiang Ching-kuo time are typical examples of this kind.¹⁶

Personal or client-group factions are determined by their leaders and the hierarchy of personal sub-leaders within them. Organisationally, client-group factions reflect the specific characteristics of their personal, leader-follower, i.e. patron-client, structure. Followers are directly recruited by leaders. They have a simple structure through which members are positioned hierarchically in a rigid pyramid. However, they have no scheduled meetings, formal votes, designated

meeting places, or established factional headquarters. Most of the decisions are usually made by the leaders although they will consult some of their important members. Factions of this kind are usually named by the surnames of their originators, or others which can symbolise characteristics of the factions. Such faction examples are found within the Chinese Communist Party (CCP), within the pro-1949 KMT, and in Taiwan's local units.¹⁷

With respect to institutionalised factions, they are distinct as a faction type primarily because of their highly developed organisational structure and their relative formality. Although they are basically of the generic client-group type, they are more public and symbolic than personal and private. Power tends to be dispersed rather than concentrated in one position. The leader tends to be attentive to the interests and opinions of the middle echelons. Such factions are highly institutionalised. They have formal political entities with headquarters, regular meetings, fixed and known memberships, an established structure, line officers, publications, firm discipline, and regular sources of funds.

Unlike factions of the other two kinds, institutionalised factions are the organised groups within existing political parties, institutions, etc. They perform clear functions in a political system. They offer the same kind of political programme as a party would. Likewise, they are able to carry out some of the functions of parties in a coalition cabinet system government. Factions in the Japanese Liberal Democratic Party (LDP) are well-known cases of institutionalised factions.¹⁸ The KMT's subgroups in the Legislative Yuan in the 1990s can also be viewed basically as factions of this kind, but less capable and organised than factions in the Japanese LDP.

According to the motive for faction formation, factions can also be classified into two groups: ideological factions and spoil factions. Ideological factions are built upon shared ideology or policy goals. In contrast, spoil factions mainly pursue power and interests. However, a water-light distinction between the two groups of factions seems problematic. A given factional system is more likely to be a mixture of the two than a pure type. Most factions are motivated by shared ideologies, policy goals, and common interests. In particular, factions often resort to ideological concerns to legitimise their pursuit of spoils in political struggle. In general, ideological factions are ideal types of non-corporate groups based on patron-client relationships. By contrast, spoil factions work for the advancement of particular interests although they are also built upon clientelist ties.¹⁹

Factions can be also categorised according to the arenas in which they move. For example, Chen Ming-tung divides factions into national factions and local factions two groups. National factions are those whose activities are in the national arena and are composed of predominately national elites. Local factions, on the other hand, are based on local units and their memberships consist only of local elites. Furthermore, local factions compete for governmental and quasi-governmental resources, such as budgets for public works, at the local level. National factions, however, have more concerns with the interests of national political institutions.²⁰

The Structural Characteristics of Factions

It also follows that the structure of factions has particular characteristics. First, factions are extremely flexible. In factional cliques and client-group factions, communication within the complex faction tends to follow the lines of recruitment. This is because factions remain structured along the lines of the

original ties which formed the bases of recruitment. The factional members never meet. Their activities are co-ordinated through individual communication with the leader and sub-leaders. The leader directs the activities of each member for the overall good of the faction. Thus, the faction is capable of great flexibility in seizing political opportunities and engaging in political activities.²¹

Yet institutionalised factions such as factions in the Japanese LDP are exceptional. Their formal political entities, regular meetings, known memberships, established structures, and other institutionalised characteristics make these factions formal political organisations within the party. Factional activities and communication between factional members are open. However, despite the high level of institutionalisation of these factions, their capabilities of engaging in political activities are still greater than the party in terms of the organisational flexibility.

Second, the levels at which factions can become corporate entities and the degree to which factions can engage in finely co-ordinated activities are limited because of the boundaries of their extent, co-ordination, their one-to-one communication structure, and their tendency towards breakdown. In addition, factions are limited in size, follower commitment, and stability by the principles of their own organisation. In other words, factions enjoy less power capability than formal organisations, and they are limited in the amount and kinds of power they can wield and generate.²² Although institutionalised factions may enjoy greater organisational capability than factional cliques and client-group factions, their organisational capability are still less compared with the party as a whole.

Third, the leader plays a significant role behind the faction's development. As a faction is founded upon exchange relationships, the leader's ability to secure and distribute rewards to his followers is directly linked to the growth and continuity of the faction. According to Chen Ming-tung, there is a relatively close relationship between the strength of the leadership and the coherence of the faction. When the leader has greater capability to wield control over, and more resources to reward his followers, then the faction tends to be more coherent.²³

Nevertheless, a faction cannot survive its leader. The death or retirement of the leader does not halt the movements of the faction. The members of the faction continue in political activities. Members may associate for a time and continue to be known by the original name or signal of the faction. They may join other factions or seek to found their own faction. However, the faction cannot be completely restructured or taken over as a whole by the successor since the set of clientelist ties on which it is founded forms a unique configuration centred on the leader.²⁴

One thing which must not be forgotten is that interest discrepancies between different sets of leaders in the complex faction exist all the time. This creates potential internal conflicts within the factional organisation inasmuch as leaders of lower segments may betray the interests of the faction as a whole in order to secure greater rewards for the segments below them. Likewise, the sub-leaders and their followers are capable of operating as distinct factions if they free themselves from the larger faction.²⁵

Fourth, factions are most likely to develop within formal organisations. This is because the intra-organisational communications network can aid in co-ordinating the activities between faction members. Moreover, the hierarchical

authority pattern of formal organisations strengthens the personal loyalty of faction leaders at lower levels to leaders at higher levels. Furthermore, the hierarchy and authority flow bring interests of faction leaders at various levels of the existing organisation into harmony. Briefly, the established communications and hierarchical power arrangements of the existing organisation help the complex faction to extend its informal relationships, personal loyalties, and relations.²⁶

Fifth, large favours tend to cause difficult problems of factional management. The increases in the scale and number of resources of the faction enhance the tendency for divergent interests to emerge among component sub-leaders in various segments of the complex faction. On the other hand, factions tend to expand with the increase of resources. This may weaken the leader's position vis-à-vis his subordinates and deprive the leader himself of direct control over component units. This is to say, the growth of the faction may expand beyond the borders of an internally unified factional base. Thus, faction division and decline can become possible as a result of an increase in resources.

Faction versus Party

Factions and parties were both indiscriminately deplored when the modern political party was born.²⁷ Factions are commonly founded in democratic parties inasmuch as the encouragement of diversity and dissent within parties is an integral part of their democratic credentials. However, in an authoritarian party where power is highly centralised and factionalism specially proscribed, political leaders frequently place a faction of their supporters in strategic positions to back them in their claims for high offices.

Parties and factions share similar structural characteristics. Both are motivated essentially by clientelist ties. However, parties are corporate groups which pursue support, especially for elections, with particularistic rewards distributed through a leader-follower network of clientelist ties. On the other hand, most factions lack the distinguishing characteristics of fully corporate groups: undivided common property, aims and duties, and uniform linkage through common membership in the group as such.²⁸ To express it differently, parties are functionally specialised organisations compared with factions. Their clear boundaries, their high degree of control over participants, and their engagement in feats of mobilisation, indoctrination and co-ordination are beyond the capacities of factions.²⁹ However, parties themselves may approximate to factions in much of their behaviour where they remain weakly institutionalised.³⁰

In most cases, factions have neither commonly recognised recruitment mechanisms nor defined memberships. Nor do they have fixed organisations and established management regulations. However, they remain structured and are capable of fulfilling the functions of corporate groups. This is why Mayer treats factions as quasi-groups or informal groups.³¹ Despite the deficiency of functionalisation, factions are capable of influencing political development. For example, factionalism can often change the policy-making decision and the personnel appointments of a government or a party.

A different pattern, already mentioned above, can be found in Japan where most political parties contain a number of factions that have existed for decades. These factions are well institutionalised and may be regarded as an integral part of the political system. They belong to a large party patronage machine which functions to channel electoral funds and provide political positions for their members. Policy differences may be distinguished along

ideological lines in left-wing parties, but are much less significant between the major factions of the Japanese LDP.³²

However, institutional factions as Japanese cases are still different from parties in organisational flexibility and capability terms. As I have pointed out, institutional factions' capabilities of engaging in political activities are greater than parties in terms of organisational flexibility and institutional factions' organisational capability are less compared with the party as a whole, based on the structural characteristics of factions.

2.2 The Causes of Factions

A variety of factors which contribute to the development of factions can be grouped into two general categories: socio-cultural causes and political causes. Cultural peculiarities have some clear implications for factional development. As Zariski states, "cultural norms are one of the factors determining the origination, organisation, cohesion, and durability of factions."³³ According to him, the indigenous cultural norms have profound effects on factionalism in a given society. Especially significant are the characteristics toward divisiveness, fission or internal conflict, etc., and the native forms of group formation.³⁴

Lu Ya-li also draws attention to the significance of socio-cultural factors for the development of factions. He suggests that the reason why factions are more active in one country than in another is that there are differences of cultural structure between countries. He argues that factions are more likely to develop in a society where families traditionally have more influence on personal activities such as Taiwan, South Korea, Japan, and China.³⁵ Seongyi

Yun shares a similar view with Lu as he points out that cultural roots, such as strong family and group loyalties and cultural norms, have a certain correlation with the growth of factions.³⁶

Contributory factors related to political attributes include the characteristics of the party system (this refers to the relative strength of parties) and the characteristics of the electoral system. According to Yun Seongyi, factions are more prevalent in caucus-type parties than in mass-type parties. In mass-type parties, the party structure is normally tightly organised and well-articulated. Those conditions limit the development of factions. In contrast, the organisational structure of caucus-type parties is looser and less clearly delineated. Caucus-type parties are also less oriented toward ideology. These conditions are viewed as auspicious for the growth of factions.³⁷

A distinct relationship between elections and political factionalism is observable. Elections serve as an important mechanism for power distribution in democratic politics. However, elections also encourage the development of intra-party factions as party members often group themselves to compete with others in the same party for party tickets to run for election campaigns. This inevitably leads to the growth of intra-party factions. Elections can contribute to party integration around party leaders if the latter are capable of rewarding their followers through elections. Nevertheless, elections also generate factional recrimination against party leaders and between factions if the party's electoral performance is poor.³⁸

Moreover, the form of electoral system also has an impact on the development of factions. A study by Halbelsen and Ferdinand indicates that the multi-member single-vote electoral system for members to legislatures at various levels in Japan and Taiwan provides fertile ground for the growth of

factions.³⁹ Under this system, candidates of the same party have to fight with each other for their own name recognition and candidate identification in the same constituencies. In order to distinguish themselves from other competitors of the same party, they usually form their own small political platforms with campaign organisations. This inevitably contributes to the growth of intra-party factions.⁴⁰

What is noteworthy is that the multi-member single-vote constituency election system might also lead to the upsurge of new parties based on groups of disenchanted party members. So long as there is a demand for more groups or parties, a group or party structured by ethnic, religious, linguistic, regional, or other social cleavages, by itself or in combination, can continue to emerge.⁴¹ As a result, the multi-member single-vote constituency election system is also conducive to the rise of a multiparty system.

Finally, factions are more likely to grow during a time of rapid political change, i.e. power transitions. A power vacancy and the process of power realignment provide considerable opportunities for political elites. They often group themselves to enter into conflict, mobilise support, and compete for spoils. In the period of political transition, factions relate to the broader process of political changes and become an integral part of that change.⁴²

2.3 The Characteristics of Factional Politics

Factions are limited in the size of their organisations due to structural limitations. Since factions can only comprise a group of participants, other people may create new factions if they deem it is worth doing so. Thus, any factional arena has more than one faction. While several factions compete for limited resources

and spoils at the same time, conflict in the given political system becomes apparent. For this reason, Raleigh W. Nicholas stresses that factional politics are full of conflict.⁴³ However, no faction is able to achieve and maintain overwhelmingly superior power and none is capable of eliminating the others.⁴⁴ Factional conflict is therefore guided by a code of civility so that, for example, factions seldom kill or jail their opponents within the system.⁴⁵

Moreover, defensive strategies predominate over political initiatives in frequency and importance since factions are incapable of building sufficient power to overthrow the political system where factions themselves exist. Factions rely on secret preparation and surprise offensives when they seek to take the political initiative. Therefore, factions are obliged to enter into a series of constantly shifting defensive alliances since the political life of a factional system consists of occasional initiatives by consistent factions. As a result, factional alliances cannot remain stable. It is impossible for factions to make ideological agreements for alliances with other factions.⁴⁶

Factional political systems tend to prevent the emergence of strong factions because a strong faction constitutes a threat to the other factions' opportunities for power. Likewise, factions tend to amalgamate in order to defend against other factions doing the same thing if there are a very large number of factions in the political system. The incentive to amalgamate continues until the total number of factions has been reduced to the point where most of the component factions enjoy enough strength to launch a political initiative and defend themselves. This is why the number of factions in a given arena is unlikely to be very large.⁴⁷

Factional elites are not permitted to question the legitimacy upon which the factions base their claim to a role in the larger society. Since this can cause problems of continuity of the factional system, whoever challenges the legitimacy of the factional system will be destroyed by other factional elites. The lack of extreme sanctions employed in a faction's struggle and a faction's tendency to defend its existence against rival factions or external threats contribute to the stability of the factional systems. Factional systems try to reassert their equilibrium rather than change their internal structure while responding to challenges from the political environment. Unless there is an overwhelmingly destructive force, such as foreign conquest, rebellion or military coup, the factional system cannot easily be overthrown.⁴⁸

According to the modes of factional conflict mentioned above, politics under factional systems is unproductive. The most commonly known phenomenon of factional politics is political corruption. The nature of factions is founded on the exchanges of favours through a large number of non-ascriptive two-person relationships. In order to maintain the continuity of factions themselves, faction leaders often use public resources to reward their followers once they control governmental authority or power. Typical forms of political corruption include bribery, venality, nepotism, and misappropriation, leading to partisan politics and bureaucratic capitalism. The latter refers to the institutionalised combination of governmental resources and factions' interests through bureaucratic structures.⁴⁹

Moreover, issues which arise in the political system are resolved only slowly and with difficulty as a result of the nature of factionalism. Since every decision, for example, policy decisions, personnel appointments, and resolutions of conflict, are more advantageous to some factions than to others, the consensus which is necessary for action is difficult to achieve. Such

circumstances can result in a policy-making stalemate.⁵⁰

One issue closely related to the above-mentioned discussion is that factional conflict often causes the weakness of a government's competence to deal with political challenges. Although factions may unite to fight against internal or external sources which challenge the existence of the political system under political crises, they do not cease to mobilise resources to compete with others. This is because the actions which carry the political system through the crisis inevitably have implications for all factions in the system: they benefit some factions more than others. As a result, some factions will act to block the efforts of the leading faction to strengthen itself and the factional consensus declines. For this reason, the political system's capacity to resolve political crises is always limited.⁵¹

Furthermore, ideological issues serve as strategic contrivances for factions to engage in conflict with others. Although the real distance between factions in ideology and political programme may be small, and although no faction is likely to be able to carry out an innovative political programme, grand policies and broad programmes are articulated and debated. In factional politics, factions tend to exaggerate small differences in ideological positions and political programmes which have strategic implications for factional power.⁵²

Andrew J. Nathan points that such behaviour serves several purposes. First, it distinguishes one faction from one another whose image is similar. Second, it provides a rationale for the faction to engage in continued struggle. Third, it provides an opportunity to discredit other politicians and to justify oneself. Fourth, to couch struggle in abstract terms is really over the advantages of a policy to one side or the other since the broad programmes often include inconspicuous provisions of true strategic political importance.⁵³

Research by Pu Chuang-tsai also shows that conflicts of ideology, policy and power, by itself or in combination, serve as major resources for struggle between factions. However, ideology and policy themselves do not produce factional conflict although they frequently become a cause initiating factionalism. This is because in reality factions seldom directly claim their desire for power. Besides, a legitimate name can advance a faction's capacity to mobilise resources as well as support to carry out conflict. In most cases, power conflict is the genuine factor of struggle between factions.⁵⁴

Admittedly, some positive consequences flow from factional competition. Factions are conducive to the stability of the political system as they can channel the different interests of various social groups within parties. Through a party's institutionalised movement and regulations, the needs of small social groups can be perceived by the government. In this sense, factions reduce potential social tensions. Likewise, faction formation can cross the boundaries of regions, religions, ethnic groups, and so on. The structural characteristics of factions have a similar effect on the maintenance of integration of the political system.⁵⁵

Moreover, factions may contribute to the establishment of party politics. If intra-party factions do not make use of the party in which they exist to pursue their particular interests, but fuse with other more or less organised groups with a view to form a party faction, they can play a constructive role in the creation of a party system. In other words, if the centrifugal forces of factions to form an independent party can be effectively marginalised and if the consensus on party unity prevails over factional conflict and disagreement, factions have integral functions in maintaining rather than undermining a party's unity.⁵⁶

Furthermore, factional competition fulfils the positive functions of party competition in a single dominant party. Factions perform as quasi-parties to aggregate various demands from, and distribute interests among, different political as well as social forces. More importantly, factional competition prevents dictatorship within the dominant party and keeps the party flexible enough to respond to political changes.⁵⁷ Face-to-face interaction between factional leaders also contributes to communication within parties. It bridges the distance between leaders and indirectly supports the effectiveness of policy formulation and implementation.

Finally, in highly institutionalised parties such as the Japanese LDP, factions become an integral part of the political system. They function as channels to raise electoral funds from corporations and businesses to assist their members to run for public offices. Also, factions serve as a stairway to top party and governmental positions for factional members. Institutionalised procedures and rules of factional competition contribute to the development of democratic credentials.

2.4 Research Agendas and Framework

On the basis of the above review of theories, the subjects which are due to be examined in the coming chapters can be categorised as follows.

1. The development of factional politics during the re-establishment of the ROC (referring to the early period of the KMT's rule in post-war Taiwan, i.e. the 1950s). It concerns the KMT's campaigns against factionalism within its own ranks and the development of factionalism in the local units at that time.

2. The origins of Taiwanese local factions, organisational characteristics and operations of the factions, the interaction within local factions and

between local factions and the KMT, political contents of the KMT's establishment of alliance relationships with local factions.

4. Factions at the central level of the KMT after the collapse of strongman politics, i.e. factionalism between the mainstream and non-mainstream factions in the post-Chiang Ching-kuo era, and its effects on Taiwan and the KMT's political development.

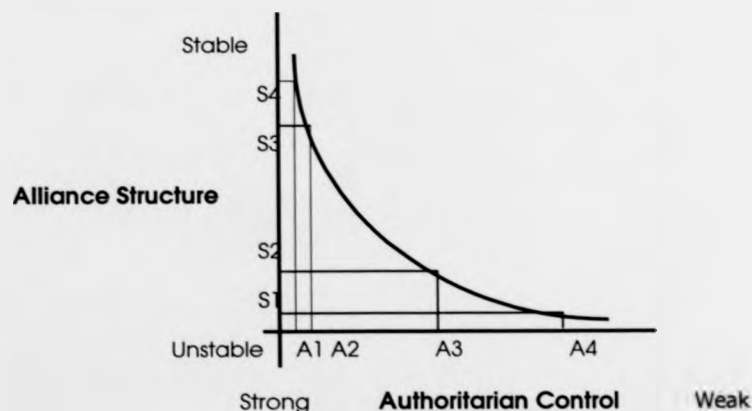
5. The significance of change in the KMT-local factions clientelist alliances for Taiwan's democratic transition and the development of local factionalism after the collapse of KMT authoritarian rule, i.e. the changing patron-client relationships between the KMT and local factions in the new political era.

In general, this study deals with two spheres of clientelism in Taiwan: patron-client relationships between the KMT and local factions and clientelism within local factions (between factional leaders and their clients, i.e. their factional members).

In order to deal with the effects of change in the KMT-local factions alliance relations on Taiwan's democratic transition, I adopt Chen Ming-tung's perspective as main research framework. According to Chen Ming-tung, the change of the KMT's clientelist alliances with local factions has significant implications for the regime's democratic transformation. He argues that the KMT's establishment of clientelist alliances with local factions was the most important reason why the KMT was able to maintain its authoritarian control in Taiwan for the past decades. Through the patronage system, the KMT successfully controlled the state apparatus, penetrated Taiwanese society, and legitimised itself through elections. For this reason, the question of whether the structure of the KMT-local factions alliance functions effectively has profound implication for the KMT's ruling power.⁵⁸

Furthermore, Chen Ming-tung points out that the more stable the structure of the KMT's alliances with local factions, the stronger the KMT's authoritarian control, and vice versa.⁵⁹ Figure 2.1 reveals a clear relationship between the performance of the KMT's clientelist alliances with local factions and the strength of its political control. However, the relationship is seen as a curved line rather than a straight one.

Figure 2.1 The Relationship between the Change of the KMT-Local Factions Alliance and the Strength of the KMT's Authoritarian Control



When the stability of the alliance structure rises from S3 to S4, the strength of the KMT's control only increases from A2 to A1. This is because the ruling strength generated from clientelist methods is limited compared with the ruling strength which other forms of regime, for example, a monarchical regime or dictatorial

government, can generate. By contrast, when the degree of stability falls from S2 to S1, the strength of the KMT's control reduces from A3 to A4, thus accelerating the decline of the ruling power since conflict inside the alliance structure can offset its functional strength outside. The alliance structure functions less well when its instability increases.⁴⁰

The point has been already made several times that factions are based on a relationship of interest exchange. In the exchange process, the client's loyalty to the patron depends on the resources which the latter can offer to the former as a reward. However, conditions for the alliance between the patron and client change over time. When the initial alliance conditions are transformed, the existing alliance structure also alters. For example, the patron may lose his resources or power, and the client's power or resources may increase to equalise or even surpass those of the patron with a change of political context. Under such circumstances, the positions between the patron and client can be reversed.

However, there are still several important questions to be answered in the following chapters. Which factors constituted the formation of the clientelist alliance between the KMT and local factions? What were the essence and contents of the KMT-local factions alliance structure? Which factors caused the change of alliance structure, initiating Taiwan's democratic transition? How would the KMT-local factions alliance relationship and the KMT's factional politics develop after the collapse of the regime's authoritarian control?

2.5 Studies of Taiwanese Factional Politics

The subject of factional politics in Taiwan did not attract much academic interest till 11 years ago. Two of the very few examples of studies of Taiwan's factional politics before 1987 were Bernard Gallin's *Hsin Hsing, Taiwan: A Chinese Village in Change* (1966) and Bruce Jacobs's *Local Politics in A Rural Chinese Cultural Setting: A Field Study of Mazu Township, Taiwan* (1980). Through their respective field researches in Hsin Hsing and Mazu, two townships in Chiayi County, they both argued that local socio-cultural roots were transformed into social and political cleavages between local elites under circumstances of excessive electoral competition. Therefore, they concluded, traditional social-cultural characteristics contributed to the creation of Taiwan's local factions.

Native literature of Taiwan's factional politics was first seen when Chao Yung-mao published his book *The Relationship between Local Factions and Construction in Taiwan* (1978). Chao's research used quantitative studies. By way of many surveys in Taiwan's local areas, he effectively showed the negative effects of local factions on local development both political and economic. Chao claimed that factionalism is more intense in areas whose development is inferior. But, intense factionalism in turn also hinders the development of the areas. This book was re-written and re-edited into *The Change and Characteristics of Taiwan's Local Politics*, published in 1997.

In 1985, *China Times*, one of the major newspapers in Taiwan, published a book titled *The Analysis of Taiwanese Local Factions*, focusing on Taiwan's local factions. This book provided a historical review of local factions in Taiwan since 1949. The significance of those factions was also examined. A similar book was published by *United News* in 1996, titled *Local Factions and Taiwanese Politics*.

The authors of these two books were local political correspondents of the two newspapers who had first-hand experiences with local politicians. However, these two books were written for the layman so they are broad in scope, but do not provide in-depth analysis.

After 1987, a few scholars and graduate students have focused on the subject of Taiwan's factional politics. Wu Nai-teh published his PhD thesis titled "The Politics of A Regime Patronage System: Mobilisation and Control within an Authoritarian Regime" (1987) at Chicago University. His research was the first study which systematically analysed the KMT's control of Taiwan during the authoritarian years through the concept of the factionalism approach, i.e. patron-client relations. Wu argued that the KMT deliberately encouraged and manipulated local factions through a patronage system, a system which successfully maintained this émigré regime's authoritarian control in Taiwan for the past four decades.

In 1989, Chu Yun-han published an article titled "Monopolised Economy and Authoritarian Political System." Basically, the research approach applied in Chu's article was not far different from that in Wu Nai-teh's doctoral thesis. However, Chu Yun-han's study mainly focused on the economic aspect of the KMT's clientelist management of its relations with local factions in the authoritarian era. His research also emphasised the significance of clientelism in explaining the KMT's political management before Taiwan's democratisation.

Chen Ming-tung published his PhD thesis titled "The Mobilisation of Taiwan's Local Elites under the Authoritarian Regime (1945-1986)" at National Taiwan University in 1990. Through analyses of the mobilisation of Taiwan's provincial assemblymen (termed senators before 1950) between 1946 and 1986, Chen Ming-tung made several important explanations of how the KMT won

local factional support in elections, thus gaining political control and legitimacy. Based on this thesis, he wrote a paper with Chu Yun-han entitled "Localised Economic Monopoly, Local Factions, and Provincial Legislature Elections," in 1992. This paper emphasised again the importance of the KMT's clientelist alliances with local factions in its authoritarian control.

During the early 1990s, the eruption of intra-KMT factionalism in the post-Chiang Ching-kuo era drew great attention from Taiwanese analysts. A number of books, containing a great deal of information about factionalism between the KMT mainstream and non-mainstream factions were published. Well-known examples of them included: *The One Hundred Days of Lee Teng-hui* (Chou Yu-kou, 1993), *Lee Teng-hui's Strategy* (Chang Yu-yeh, 1994), and *Political Tour of Hao Pai-tsun* (Wang Li-hsing, 1994). However, a major drawback of these books is that they were not academic works; they were produced by correspondents and their contents were descriptive rather than analytical.

Academic studies of intra-KMT factionalism in the early 1990s were limited. Steven J. Hood's article titled "Political Change in Taiwan: The Rise of Kuomintang Factions" (1996) was one of the very few examples. In this article, Hood argued that ethnic cleavage between Taiwanese and mainlanders and the process of Taiwan's democratisation were the two major factors of intra-KMT factionalism in the post-Chiang Ching-kuo era. He concluded that the rise of the then-factionalism within the KMT was a reflection of the difficulty the party had in confronting two related issues: the Taiwanese-mainlander rift in the KMT and the problem of Taiwan's political identity.

In 1992, Joseph Bosco published a paper titled "Taiwan Factions: Guanxi, Patronage, and the State in Local Politics," (1992). In this paper, he rejected the idea that Taiwanese local factions should be seen primarily as products of its

traditional socio-cultural roots. Bosco also refuted the idea that local factions were created only because of KMT institutionalised designs. He argued that Taiwanese local factions were institutions developed under Taiwan's special political, economic, social, and historical backgrounds. His paper concluded that Taiwanese local factions would eventually break up with increasing levels of socio-economic modernisation and political democratisation.

Two years later, in 1994, Bosco published another paper on the subject of Taiwan's factional politics titled "Factions versus Ideology: Mobilisation Strategies in Taiwan's Elections." Bosco claimed that Taiwanese local factions were originally fostered and manipulated by the KMT to allow the immigrant elites to rule the native population. Factional politics in Taiwan's local areas was based on patronage to win elections and deliver resources. Factional elections were presented to the outside world as evidence of democracy so as to legitimise the KMT's rule in Taiwan. Besides, he argues, local elections tended to be dominated by factions, the networks of social ties and patronage that keep them powerful.

A paper titled "The Case Study of the Origins of Taiwan's Local Factions: Tanshu," written by Tsai Ming-hui and Chang Mao-kei was published in 1994. This paper highlighted the weakness of both the socio-cultural and political perspectives in the explanation of the origins of Taiwan's local factions. They suggested that Taiwan's local factions were neither simply the product of a concentration of traditional socio-cultural roots and relationships nor the outcome of the KMT's institutional designs and political management. Sharing Bosco's view, they concluded that Taiwanese local factions were institutions developed through certain historical, social, economic, and political circumstances.

Chen Ming-tung published his book named *Factional Politics and Political Dynamics of Taiwan* in 1995. He argued that the existence of factions within the KMT's own ranks and in Taiwan's local units was closely affiliated with the political characteristics of the KMT regime and its authoritarian management of Taiwan. By way of a historical perspective, he adopted the factionalism approach to analyse the dynamic of Taiwan's politics in the past four decades. He concluded that changes in the clientelist alliance relations between the KMT and local factions was the key factor in initiating Taiwan's democratisation.

A very recent work in the study of Taiwan's local factions is Shih Wei-chuan's MA dissertation titled "Local Factions" (1996). Shih adopted the concept of informal politics to replace authoritarian theories to explain how Taiwanese local factions emerged and how they have changed over time. He argues that authoritarianism theories effectively explain how the KMT immigrant elites could rule the native population. However, they are insufficient to account for the activities of local society and local factions. He concluded that the significance of study of local factions has declined compared to state-business relationship, since the importance of business groups in the KMT's efforts to maintain its legitimacy has been gradually superceding that of local factions in present-day Taiwan.

Wang Chen-shiuen's PhD thesis named "Faction Politics in Taiwan: A Perspective on Patron-client Theory" (1996) published by the University of Kansas is another very new work focusing on Taiwan's factional politics. In this thesis, Wang adopted the patron-client theory to examine local factions and the relationships between the KMT and local factions. His research focused on changes in the KMT's clientelist relations with local factions in the process of Taiwan's democratisation. Differing from my study, which adopts the factionalism approach to explain how Taiwan's democracy was actually

achieved, Wang Chen-shuen's study only examines one aspect of the KMT's clientelist management with, and changes of, Taiwanese local factions.

¹ Lu Ya-li, *Cheng-chih-hsueh fang-fa-lun* [The Methodology of Political Studies] (Taipei: San-ming shu-chu, 1979), 288.

² V. O. Key, *Southern Politics* (New York: Vintage Books, 1949); A. S. Zuckerman, *The Politics of Faction: Christian Democratic Rule in Italy* (New York: Yale University Press, 1979); G. Sartori, *Parties and Party System* (London: Cambridge University Press, 1976); S. P. Huntington, *Political Order in Changing Societies* (New Haven: Yale University Press, 1969); H. Herzog, "Political Factionalism: The Case of Ethnic Lists in Israel," in *The Western Political Quarterly* (vol. 39): 283-287; quoted in Chao Yung-mao, *T'ai-wan ti-fang cheng-chih chih pien-ch'ien yu t'e-chih* [The Chang and Characteristics of Taiwan's Local Politics] (Taipei: Hen-lu Book Co., Ltd., 1997), 210-211.

³ Yun Seongyi, "A Comparative Study of Party Faction in Japan and Korea," *Korea Observer*, vol. xxv (Winter, 1994): 547-551.

⁴ Carl H. Lande, "The Dyadic Basis of Clientelism," in Steffen W. Schmidt, Laura Guasti, Carl H. Lande, and James C. Scott (eds.), *Friends, Fellows and Factions* (Berkeley: University California Press, 1977), xiv.

⁵ *Ibid.*, xv.

⁶ Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Faction Politics and Political Dynamics of Taiwan] (Taipei: Yueh-tan ch'u-pan-she, 1995), 13.

⁷ James Scott, "Patron-Client Politics and Political Change in Southeast Asia," *APSR* vol. 66 (March 1972): 95.

⁸ Carl H. Lande, *op. cit.*, xiv.

⁹ Chen Ming-tung, *op. cit.*, 14-15.

¹⁰ Andrew J. Nathan, "A Factionalism Model for CCP Politics," in Steffen W. Schmidt, Laura Guasti, Carl H. Lande, and James C. Scott (eds.), *op. cit.*, 383.

¹¹ *Ibid.*

¹² Wang Chen-shiuen, "Faction Politics in Taiwan: A Perspective on Patron-Client Theory," (Ph.D. thesis, University of Kansas, 1996), 4.

¹³ *Ibid.*, 13.

¹⁴ Chen Ming-tung, *op. cit.*, 16-18; Carl H. Lande, *op. cit.*, xxxiii; Andrew J. Nathan, *op. cit.*, 383-385.

¹⁵ Dennis C. Beller and Frank P. Bellone, "Party and Faction: Modes of Political Competition," in Frank P. Belloni and Dennis C. Beller (eds.), *Faction Politics: Political Parties and Factionalism in Comparative Perspective* (Santa Barbara: American Bibliographical Centre Clio Press, Inc., 1978), 417-450.

¹⁶ Peng Huai-en, *T'ai-wan cheng-tang cheng-chih* [Taiwan's Party Politics] (Taipei: Feng-yun-lun-tan ch'u-pan-she, 1994), 118-119; Yun Seongyi, *op. cit.*, 555-559.

¹⁷ *Ibid.*

¹⁸ *Ibid.*

¹⁹ Peng Huai-en, *op. cit.*, 117.

²⁰ Chen Ming-tung, *op. cit.*, 13 and 20.

²¹ Andrew J. Nathan, *op. cit.*, 385.

²² *Ibid.*, 386.

²³ Chen Ming-tung, *op. cit.*, 265-266.

²⁴ Andrew J. Nathan, *op. cit.*, 385.

²⁵ *Ibid.*

²⁶ *Ibid.*

²⁷ Richard Gillespie and Michael Waller, "Factions, Party Management and Political Development," in Richard Gillespie, Michael Waller and Lourdes Lopez Nieto (eds.), "Special Issues: Factional Politics and Democratisation," *Democratisation* vol. 2 (Spring 1995): 1.

²⁸ Carl H. Lande, *op. cit.*, xix.

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- ²⁹ Andrew J. Nathan, *op. cit.*, 386.
- ³⁰ Vernon Bogdanor (ed.), *The Blackwell Encyclopaedia of Political Science* (Oxford: Blackwell Books, 1991), 225.
- ³¹ Adrian C. Mayer, "The Significance of Quasi-Groups in the Study of Complex Societies," in Steffen W. Schmidt, Laura Guasti, Carl H. Lande, and James C. Scott (eds.), *op. cit.*, 293.
- ³² Vernon Boganor (ed.), *op. cit.*, 225.
- ³³ Raphael Zariski, "Party Factions and Comparative Politics: Some Empirical Findings," in Frank P. Belloni and Dennis C. Beller (eds.), *op. cit.*, 20-21.
- ³⁴ *Ibid.*
- ³⁵ Lu Ya-li, *Cheng-chih-hsueh* [Politics] (Taipei: San-ming shu-chu, 1989), 281.
- ³⁶ Yun Seongyi, *op. cit.*, 552.
- ³⁷ *Ibid.*, 554-555.
- ³⁸ Richard Gillespie and Michael Waller, "Factions, Party Management and Political Development," *op. cit.*, 6.
- ³⁹ John Fuh-sheng Hsieh, "The SNTV System and Its Political Implications," in Tien Hung-mao (ed.), *Taiwan's Electoral Politics and Democratic Transition: Riding the Third Wave* (New York: M.E. Sharp, Inc., 1996), 193-212.
- ⁴⁰ Hermann Halbeisen and Peter Ferdinand, "Domestic Political Change," in Peter Ferdinand (ed.), *Take-Off for Taiwan?* (London: The Royal Institute of International Affairs, 1996), 20.
- ⁴¹ Cheng Tun-jen and Yung-ming Hsu, "Issue Structure, the DPP's Factionalism, and Party Realignment," in Tien Hung-mao (ed.), *op. cit.*, 140-141.
- ⁴² Richard Gillespie and Michael Waller, "Factions, Party Management and Political Development," *op. cit.*, 187.
- ⁴³ Raleph W. Nicholas, "Factions: A Comparative Analysis," in Steffen W. Schmidt, Laura Guasti, Carl H. Lande and James C. Scott (eds.), *op. cit.*, 57.
- ⁴⁴ Andrew J. Nathan, *op. cit.*, 386.
- ⁴⁵ *Ibid.*
- ⁴⁶ *Ibid.*, 386-389.

⁴⁷ Ibid., 388.

⁴⁸ Ibid., 388-389.

⁴⁹ Joseph Fewsmith, *Party, State and Local Elites in Republic of China* (Honolulu: University of Hawaii Press, 1986), 191-192; quoted in Chen Ming-tung, op. cit., 24.

⁵⁰ Chen Ming-tung, op. cit., 24-25.

⁵¹ Ibid., 25.

⁵² Andrew J. Nathan, op. cit., 388.

⁵³ Ibid.

⁵⁴ Pu Chuang-tsai, "Chung-kung-p'ai-hsi tui ching-kai cheng-ts'e chih cheng-lun yu ying-hsiang: i-chiu-chi-pa chih i-chiu-chiu-erh," [The Disputes and Effects of the CCP's Factions on Its Economic Reform Policies: 1978-1992] (MA. Diss., National Cheng-chih University, ROC., 1992), ch. 2.

⁵⁵ Peng Huai-en, op. cit., 117.

⁵⁶ Richard Gillespie and Michael Waller, "Factions, Party Management and Political Development," op. cit., 188.

⁵⁷ Yun Seongyi, op. cit., 560-561.

⁵⁸ Chen Ming-tung, op. cit. 261.

⁵⁹ Ibid., 265.

⁶⁰ Ibid., 265-266.

CHAPTER 3

The KMT's Factionalism in the Re-establishment of the ROC

In 1949 the Chinese Communist Party (CCP) established its regime on the mainland following its military triumph in the civil war against the KMT. The KMT then retreated to Taiwan. The CCP maintained military attacks on Taiwan's territory and Washington's attitude remained that of a neutral. Together, these factors caused crucial problems for the regime's survival. However, the eruption of the Korean War in 1950 elevated Taiwan's strategic importance in US global defence policy. The KMT's durability was confirmed after Washington reasserted its strategic alliance with the KMT regime. Taiwan thus became involved in the confrontation between the Western democratic and Eastern communist blocs.

The US government announced its decision to station the Seventh Fleet in the Taiwan Straits to defend against CCP invasion in 1950. In 1954 Washington further concluded a mutual defence treaty with Taipei. Moreover, the United States provided Taiwan with more than US\$ 2.5 billions of military aid between 1950 and 1974, and US\$ 1.5 billions in economic aid between 1950 and 1965.¹ America also helped Taiwan to reform its land and agriculture, and to establish an industrial infrastructure. More importantly, the United States strongly supported Taiwan's representation in the international community, especially in the UN, helped the KMT to legitimise its governing in Taiwan.

As Wang Cheng-huan points out, Taiwan's survival in the early 1950s would not have been possible without help from the United States.² Indeed, military, economic and political support from Washington in the 1950s and 1960s provided the KMT regime with the necessary surroundings and resources to establish its legitimacy at home. It also greatly helped the regime to consolidate its authority. However, the United States' involvement at that time also proscribed the KMT's military recovery of the Chinese mainland, creating a separation across the Taiwan Straits which has persisted to the present day.

This chapter begins with a retrospective analysis of the process of the KMT's re-establishment of its regime in the early 1950s. This review provides a conceptualisation of the political system of the KMT as an authoritarian regime. Next, the discussion turns to the regime's re-organisation of its ruling elite structure, by the elimination of factionalism during the period of the re-establishment of the ROC. Then, the KMT's organisation of local political elites is considered. This offers a starting-point toward a discussion of the KMT's establishment of clientelist alliance relationships with local factions.

3.1 The KMT's Political Re-establishment

After the KMT retreated to Taiwan, its political objectives replaced military ones as primary goal. This was the first step toward the regime's recovery of the mainland and the completion of national construction. Political re-establishment was also necessary for the KMT to restore its political capacity and to establish its rule over Taiwan, where the KMT had no experience in governing and where the people generally remained hostile to the regime.³ With the United States' strong support abroad, political re-establishment was

vigorously implemented at home.

Political re-establishment had already been initiated in the midst of full-scale civil war. In the summer of 1947, the first National Assembly (controlled by the KMT) announced the Period of National Mobilisation for Suppression of the Communist Rebellion. Subsequently, in April 1948 it adopted the Temporary Provisions, which replaced or superseded many important provisions of the ROC Constitution and put the country into a permanent state of emergency.⁴ The Temporary Provisions on the other hand provided the "legal basis" for the KMT to centralise power under its leader Chiang Kai-shek. Under these provisions, the President was endowed with extra-ordinary powers subject to no constitutional check. Restrictions on the President to two terms in office were abandoned. The President was also given the power to adjust governmental institutions and to control the Legislative Yuan and National Assembly.⁵

Moreover, the government was free of all constitutional restrictions to promulgate laws and regulations under the emergency rule. For example, Martial Law was declared in May 1949, and used to crush political dissent and maintain the KMT's dominance over society. Under Martial Law, the Garrison Command assumed a major responsibility in security-related civilian affairs "from exit and entry visa permission, border control, coast guard, surveillance over political dissidents, eavesdropping on serious activities, random screening of mail and telephones, spying on intellectuals, censorship of publication and mass media, detention of political prisoners and serious criminals, crackdown on organised crime, to supervision of civilian police force."⁶ All sedition cases were prosecuted by the military and tried by the military-court system before 1984.⁷

Other important decrees endorsed by the Temporary Provisions included the National Mobilisation Law, the Law on the Organisation of Civil Groups, and the Statutes for the Purging of Communist Agents. Under the series of emergency decrees, the public's freedom to speak, publish, associate, and rally was restricted. The formation of new political parties or groups was banned. Important civil societies (such as business associations and industrial associations) were directly or indirectly controlled by the KMT in order to prevent the emergence of opposition forces. Political opposition was tolerated only if it was individual-based, fragmented, and locally oriented.⁸ Two parties, the Young China Party and the Chinese Democratic Socialist Party, were allowed to exist since they posed no threat to the KMT, but helped the KMT to "justify" its democracy.

After the KMT moved to Taiwan, it claimed that it was still the legitimate government of the whole of China. As the presence of members of the three national representative institutions (the National Assembly, the Legislative Yuan and the Control Yuan) elected on the mainland in 1947-48 might symbolise the ROC government's continuity and claim to the Chinese mainland, the KMT undercut the representative nature of the three national representative institutions on Taiwan. For this reason, the legislative institutions at the national level were not subject to elections and continued to consist of the representatives chosen throughout China on a province-by-province basis in the elections of 1947.

Though elections for supplementary seats in national representative bodies were held from 1972, representatives of the island of Taiwan were always in a small minority in the legislative institutions. This situation remained unchanged until 1992.⁹ Also, direct popular elections for executive posts were limited at the sub-national level only and provincial governors were appointed by the KMT

although during the early 1950s the KMT began to institute local and provincial elections on Taiwan. Those arrangements served as means of maintaining the KMT's dominance of national power.

In addition to the deprivation of political pluralism as endorsed by the Constitution, the KMT re-organised itself in the early 1950s. Party re-organisation was in fact proposed by Chiang Kai-shek as early as in 1947. However, the advent of the Chinese civil war interrupted the process. After the KMT moved to Taiwan, the party re-initiated its party reforms. A study group was formed in January 1950 to draft operational measures for party re-organisation. The Central Re-organisation Committee (CRC) was established on 5th August 1950. The CRC also created a provincial re-organisation committee which was in charge of separate re-organisation commissions in each county.¹⁰ The CRC served as a political mechanism to re-organise its ruling society and to help the KMT to infiltrate Taiwanese society.

Although the KMT had originally adopted Leninist organisational principles under Sun Yat-sen in 1924 to restore its party organisation and adjust its dependence on the military, it did not gain success. Excessive intra-KMT factionalism after the death of Sun Yat-sen, the eruption of the Sino-Japanese war, and the mounting losses of the civil war hindered the KMT's organisational strengthening. As a result, Leninist organisational principles did not take root in the KMT before it retreated to Taiwan. In contrast, the CCP was established on the model of the Soviet Communist Party. Its organisation was fundamentally guided by Leninist principles. The whole of the CCP's organisation was dominated by Leninist-style party management.

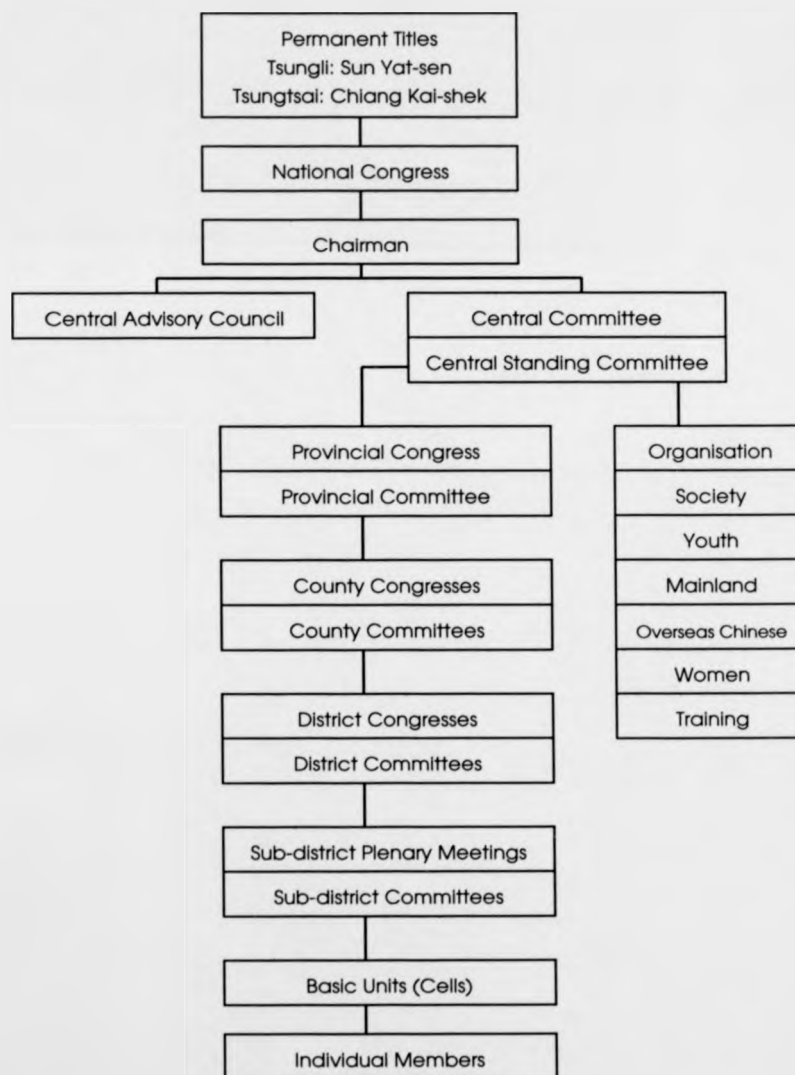
As Chiang Kai-shek believed that the communist victory was due to their superior organisational power rather than military factors, this led to the KMT's re-adoption of Leninist methods to reform itself from 1949. Leninist methods also suited Chiang Kai-shek's personal desire for power and the KMT regime's governing task in Taiwan.¹¹ According to Leninist methods, the KMT created a network of party cells throughout the government, military, and civil society to which each party member had to belong.¹² A Party cadre system was also created. The Revolutionary Practice Institute, the Circuit Training Commission, and the Taiwan Provincial Re-organisation Commission were created to take responsibility for cadre training at all levels.¹³

Moreover, the CRC approved the "Scheme for the Returning of Party Members and the Plan for the Purging of Party Members" in September 1950, serving as a way to re-organise and tidy up its party membership. According to the measure, members who had lost contact with the party during the confusion of the civil war and the regime's retreat to Taiwan were asked to re-register with the party. Afterwards, 20,258 KMT members applied and were given new cards. 118 members were excluded from the party. Those who did not register were automatically expelled.¹⁴ At the same time, the KMT initiated the recruitment of new party members. Membership increased by 2 per cent to a new total of 919,327.¹⁵

Furthermore, the party established various branches at the different administrative levels, i.e. the national, provincial, city-county, and *hsiang*-township levels. Below the sub-county branch were cells. All KMT members were asked to join a party cell and attend its meetings. The cell also became both the basic organisational and training unit in charge of actual party work and recruitment. The KMT also re-organised its cadre system along occupational-functional lines.¹⁶ After the re-organisation, the new KMT consisted

of cross-cutting functional units organised along both geographical and corporatist lines.¹⁷ Figure 3.1 shows the KMT's organisational structure after re-organisation.

Figure 3.1 The KMT's Organisational Structure



Source:

Chung kuo kuomintang chien chieh [An Introduction to the KMT], (Taipei: The Central Committee of the KMT, 1984), 4.

Furthermore, the KMT passed the "Outline of Party-Government Relations" on 28 February 1951. According to the Outline, the KMT's organs within national government organs were subordinate to the Party committee of that organ. Party committees at all levels were the decision-making bodies. In addition, party committees were in charge of supervising the working of the government and representative bodies. By contrast, party members in administrative and all representative organs were responsible for carrying out policies approved by party committees at those levels.¹⁸

Under such circumstances, no branch of the state apparatus, not even the judiciary, was completely free of the penetration of party organisations and the influence of party bureaucrats. All major government appointments and decisions had to be approved by the central decision-making body of the party. The state at all levels provided the necessary material and personnel support for the operation of party cells and party activities. Through the state apparatus, the party could preserve its institutional prerogatives.¹⁹

Finally, the KMT assembled its seventh Party Congress in October 1952. There, the party restored its claims to being a revolutionary-democratic party. Such reconfirmation of the party's traditional role enabled the KMT to shoulder the self-imposed historical mission of retaking the mainland and completing national construction.²⁰ Also, the party re-invigorated itself by adopting democratic centralism as its main principle of decision-making and organisation. Although democratic centralism was just a means by which the party's high levels dominated the entire organisation, party elites engaged in

economic policy enjoyed a fair amount of autonomy from those higher levels.²¹ After the party Congress, the CRC was replaced by a newly-elected Central Standing Committee (CSC).

Political re-establishment was also implemented in the military in order to restore party-military relations. The KMT established a system of political commissars inside the military. This task was undertaken by the General Political Work Department (renamed the General Political Warfare Department of the military) that was established in March 1950. The Department was headed by Chiang Ching-kuo. The KMT established a network of Party cells directed by the political commissars in all military units. Party work moved under the system of political commissars who were responsible for implementing the policy of the KMT's leadership. A Political Work Cadre School was also established in November 1951 in charge of political commissars' training.²²

In terms of the establishment of control in the economic realm, the inheritance of Japanese colonial properties and the flow of foreign aid (an economic payoff for political incorporation into the Western alliance during the cold war) made the KMT resource-rich to achieve these tasks.²³ Economic resources were monopolised by the KMT regime under a form of state capitalism. Under authoritarian rule, all foreign exchange derived from aid and state-managed agrarian export was controlled by the regime. Financial and state-owned enterprises, which accounted for half of total industrial production, were also controlled by the KMT.²⁴

In addition, the KMT exercised control of the economy through such methods as state licensing, foreign currency allocation, tariff regulation, and public works contracting. Judicial use of economic reward and punishment was employed by the KMT to bring the business community and private sector

in line with KMT policy and political command as well. The KMT also maintained an enormous sector of state and party enterprises that it used systematically to enforce its industrial policy and political discipline.²⁵ A number of organisations representing capital and labour were allowed, but controlled by the party through pre-emptive incorporation of industrial and business associations.²⁶

Moreover, the KMT extended its control to students and youth who were organised under the National Salvation Anti-Communist Youths Corps (NSAYC or China Youth Corps), founded in May 1952. It was also an organisation established to consolidate Chiang Ching-kuo's personal influence as well as power base, one of the steps toward Chiang Ching-kuo's succession. The NSAYC established its cells in every university, college, and high school. Students were organised into different teams using military organisational methods. It became a part of the education system. Expenditures for the NSAYC were supported by the government's educational budgets.²⁷ After the time moved to the 1980s, the NSAYC's political commissions faded. It was gradually transformed to a complex enterprise of leisure, youth education, and publishing work.

Furthermore, the KMT established its cultural control by way of political restrictions, publication and media controls, and especially education. Educational staff in schools were carefully selected. Curricula were designed in order to instill students with the KMT's official ideologies. The registration of new newspapers was not allowed. Television and broadcast companies were supervised. The party leaders, Chiang Kai-shek and Chiang Ching-kuo, were deified through the media and educational programmes. Sun Yat-sen's three principles of the people (*san min chu i*) constituted the dominant ideology that precluded the advocacy of other ideology. Local dialects and cultures were suppressed. Cultural hegemony was created in order to impose KMT ideology

on civil society.²⁸

Finally, any space not reached by indoctrination or co-optation of the KMT was filled by the KMT-controlled security authorities. Security forces were widely established throughout the civilian administrations to ensure political control. Peak intelligence and security agencies were controlled by active-duty general-level officers, who reported directly to the paramount leader.²⁹ According to one study, around 120,000 organised security staff existed in Taiwan in the 1950s and 1960s. If cells are included, the number of security staff reached 550,000.³⁰ Security offices were set up in many schools, governmental bodies at all levels, and state-owned or party-owned enterprises. They were responsible for overseeing the words and actions of students, academics, and administrative staff. Signs of political opposition or dissent movements were invariably treated with harsh measures of intimidation or imprisonment known as "white terror."³¹

Through several steps mentioned above, the KMT established a modern authoritarian regime in Taiwan. Nonetheless, Cheng Tun-Jen pointed out the inadequacy to describe the KMT regime in Taiwan between 1950 and the mid-1980s as authoritarian. He argued that Juan Linz's definition of an authoritarian regime as once "characterised by a limited but not responsible pluralism, a mentality rather than an ideology, and control rather than mobilisation" does not fit exactly the case of the then-KMT. "Intra-elite pluralism was punished; social conformity and national unity were emphasised; and Sun Yat-sen's three principles of the people constituted the dominant ideology." The KMT sought to penetrate all organisations in order to prevent political competition and to secure resources for regime-defined political goals.³²

Chen Tun-jen posited out that the then-KMT was similar to a Leninist regime in terms of party structure and the party-state relationship. There was organisational parallelism between the party and the state: party organs controlled administrative units at various levels of the government as well as the military via a commissar system. Decision-making within the party was achieved by democratic centralism. Party cadres were socialised as revolutionary vanguards. Party cells penetrated the existing social organisations. The KMT was an elitist party using mass organisations to mobilise support from large segments of the population for the national tasks that the regime imposed on society. Opposition parties were marginalised and transformed into friendship parties of the ruling KMT.³³

However, he argued that two structural features distinguished the KMT from other Leninist regimes. First, the KMT did not subscribe to the principle of proletarian dictatorship or the monopoly of political power by a communist party. Rather, the KMT's ideology advocated democracy. For example, the KMT permitted elections at sub-national level while suspending national elections. Direct elections for both executive and council positions at the sub-national levels have been held regularly since 1950. Second, the KMT never embraced the ideological goal of the Leninist state. While not lacking in socialist ideas, the KMT regime was embedded in a capitalist economy in which private ownership and market exchange were the norm, and state ownership and exchange by decree were exceptions. Accordingly, Cheng Tun-Jen described the then-KMT as a "quasi-Leninist" party-state system.³⁴

Yet the KMT's adoption of a capitalist economy differed from those totalitarian regimes that embraced a socialist economy and it led to the emergence of independent competitors and social elites outside the political domain. In addition, the holding of elections at sub-national levels also

gradually encouraged democratic competition and sentiment.³⁵ These two structural features match the characteristics of an authoritarian regime with limited pluralism as suggested by Juan J Linz. However, Chen Tun-jen clearly highlighted the main characteristics of the KMT regime.

What is noteworthy is that, the whole of Taiwan in the 1950s and 1960s operated under a basic policy known as "Recovery of the Mainland." All actions and policy decisions were directly or indirectly aimed at strengthening the military, economic, and political forces of Taiwan in order to retake the mainland. Political control was high. Major infrastructure projects were appraised in terms of economic benefits and their impact on military preparedness. The military budget took about 80 per cent of the government's total budget every year. Cross-Straits exchanges were strictly proscribed. Foreign policy was guided by the principle of "either-you-or-me" (*hen-tsei-pu-liang-li*). The recovery policy was intact and continuously fortified by political means and education of the public though the possibility of military recovery was very low.

In the period of authoritarian rule, the KMT's mainland policy indirectly provided the ideological justification for its political monopoly. Under the objective of retaking the mainland and completing national construction, political control and a freezing of democracy became reasonable; political doors were closed to Taiwanese while mainlanders dominating national politics; home rule was confined; the judiciary was paralysed by the military; economic monopolisation was rationalised; the public's freedoms as defined in the Constitution were deprived; and social control was justified by the fear of infiltration by the communists. For these reasons, the KMT's mainland policy had highly political sensitivity and close links with Taiwan's democratic development.

3.2 The Elimination of Factionalism in the Political Re-establishment

Following the KMT's retreat to Taiwan in 1949, leaders and members of factions within the KMT its own ranks, i.e. KMT mainlanders factions, also moved to the Island. When political re-establishment was in place, the KMT's political system changed profoundly. Eliminating factionalism was high on the KMT's political re-establishment agenda. This was because Chiang Kai-shek deemed that the excessive conflict between the KMT's factions was a crucial factor that contributed the party's defeat on the mainland.

The KMT was not an integrated organisation at the beginning of its establishment, but consisted of several revolutionary forces. In spite of the KMT's three party re-organisations (In 1911, when the KMT's forerunner, the *Tung-meng Hui*, merged with the other two parties, the United Republic Party and the Nationalist Common Party, to organise a modern political party, i.e. the Nationalist Party; In 1914 when the Nationalist Party was re-organised to become the Chinese Revolutionary Party; and In 1919, when the Chinese Revolutionary Party was re-formed to become the Chinese Nationalist Party), the party's power centre was still controlled by several distinct political forces. The party founder Sun Yat-sen once decided to accept Chinese communists as members in 1923 in order to re-invigorate the party and gain support from the former Soviet Union.³⁶

In addition, regional warlords exerted a great deal of influence and power within the KMT. Warlords exercised sovereign powers in each of the provinces of China based on their armed forces and co-operation with local gentry and local bureaucracy. Chiang Kai-shek had to launch a military action, the Northern Expedition, in 1928 to try to resolve the problem of military regionalism,

but the attempt failed. Warlords, such as Chang Hsueh-liang, Feng Yu-hsiang and Yen Hsi-shan, retained great influence. The most important independent warlord grouping within the party was the Kwangsi faction led by Pai Chung-hsi and Li Tsung-jen.

Under the fragmentation of the party's authority, both Sun Yat-sen and Chiang Kai-shek's leaderships seemed rather weak. The reality drove both party leaders to rely on their personal ties with political and military leaders to manage the party. Clientelist approaches were particularly important to explain Chiang Kai-shek's party management. After the death of the KMT's founder Sun Yat-sen in 1925, there was a bitter struggle between Chiang Kai-shek, Hu Han-min, and Wang Jing-wei. In order to strengthen his power base and manage the party, Chiang developed his own forces in the military, party, and governmental domains to check the power of Hu and Wang. Those Chiang-cultivated forces later developed into several factions within the KMT. According to the classification of factions studied in the previous chapter, those KMT mainland factions were personal or clientelist-group factions.

In the military domain, the most important Chiang-cultivated faction was the Whampoa faction, which was developed in the time of Chiang Kai-shek's heading of the party's military cadre school, the Whampoa Military Academy. Later, this force became Chiang Kai-shek's main political and military power base in the KMT. Another military-based faction were the fascist Blue Shirts (*chun tung*), led by Tai Li. The Blue Shirts' organisation was an important military security apparatus of the KMT regime. They were anti-foreign nationalists and proponents of absolute loyalty to the leadership of Chiang Kai-shek, using violence to achieve their goals.³⁷

The third faction closely tied to the military was the Youth Corps (*Sanmin Zhuyi* Youth Corps), established by Chiang Kai-shek on the basis of young party members being indoctrinated in his philosophy. Chiang hoped to use the Youth Corps to replace the old KMT with a more vigorous and disciplined body in the light of the depravity and low morale of the party resulting from excessive struggle between the CC faction and the Blue Shirts.³⁸ The original director of the Youth Corps was Chen Cheng, a leader of the Whampoa faction. Chen Cheng later became the number two leader within the KMT after the regime retreated to Taiwan.

In the party sphere, the most important faction was the CC faction. The abbreviation "CC" refers to the nicknames of its factional leaders, the Chen brothers, Kuo-fu and Li-fu, who were cultivated by Chiang Kai-shek to manage the KMT's organisational affairs. Chen Kuo-fu was the chief standing member of the KMT's Central Executive Committee and the head of the Central Organisation Department. Chen Li-fu was the head of the party's security apparatus, i.e. the Investigation Bureau of the Central Organisation Department (*chung tung*). He was also named Party secretary-general after the KMT's third Party Congress. Immense party resources both personnel and material allowed the two Chens to establish their influence throughout the party.³⁹

In the governmental arena, major KMT factions included the Political Study faction and the Kung-Sung faction. The former originated from the Association of Political Studies established by a group of Nationalist congressmen in 1926 in Beijing. After the North government dismissed the Congress in 1918, members of the Association moved to the South. They were invited by Chiang Kai-shek to administer the KMT government in Nanjing. Members of the Association of Political Studies gradually developed their own political force known as the Political Study faction.⁴⁰

The Kung-Sung faction refers to the faction led by Kung Hsiang-hsi and Sung Tzu-wen. Both came from famous business families based in Shanghai. They subsequently became the KMT government's Finance Minister and the Governor of the Central Bank. Their families also developed a close relationship with both Sun Yat-sen and Chiang Kai-shek through marriages and financial contributions. Through their long-term dominance over the head offices of the Finance Ministry and the Central Bank, they had great influence over the KMT's financial and economic policies, and allowed them to develop into a political bloc.⁴¹

Operating independently was the Chiang Ching-kuo faction. It was developed by Chiang Ching-kuo during his terms of office in the Kiangsi Provincial government as a special administrator (1937-1943), in the temporary Capital City Chungking as the director of the Central Cadre School of the *Sanmin Zhuyi* Youth Corps (1943-1946), and as the director of the Training Classes of Political Warfare Officials under the Supervision Headquarters of the Youth Troops (1944-1946).⁴² However, the Chiang Ching-kuo faction did not play an important role during the KMT's time on the mainland. It emerged on the main political stage just after the KMT moved to Taiwan. Chiang Kai-shek's attempt to cultivate Chiang Ching-kuo as his successor increased the overall power of the Chiang Ching-kuo faction.

The campaign to eliminate factionalism was first directed against the Kung-Sung faction in the eve of the KMT's retreat to Taiwan. Since Chiang Kai-shek believed that they were responsible for the collapse of economic order on the mainland because of policy mistakes and the excessive exploitation of economic privileges, leaders of the Kung-Sung faction Kung Hsiang-hsi and Sung Tzu-wen were sent into exile before the KMT moved to Taipei. Besides,

influential figures in the Kung-Sung faction were prevented from being appointed to strategic positions in both the party and government during the KMT's political re-establishment years.⁴³ The Kung-Sung faction consequently declined.

In July 1949, few months before the KMT's retreat to Taiwan, Chiang Kai-shek established the Political Activities Committee (PAC) in Taipei, the forerunner of the Bureau of National Security. It was an organisation set up to integrate all security units in the military, party, and government. Chiang Ching-kuo was named head of this Committee.⁴⁴ Since Tai Li, leader of the Blue Shirts, had already died before the KMT moved to Taiwan, members of the Blue Shirts were integrated into the PAC. At the same time, the CC faction's security force, *chung tung*, was re-organised to become the Bureau of Investigation of the Interior Ministry, directly commanded by the PAC. Both the Blue Shirts and *chung tung* were thus effectively dissolved.

The elimination of factionalism continued during the KMT's re-organisation in the early 1950s. At the time of party re-organisation, no influential leaders and individuals of mainland factions were appointed to positions in the CRC. The leaders of the CC faction, Chen Kuo-fu and Chen Li-fu, were excluded from the CRC as well. They were appointed to the newly-created Central Advisory Commission (CAC) which was a body made up of honoured party veterans with no practical influence over party affairs.⁴⁵

Soon after the party re-organisation, Chen Kuo-fu died in 1954 and Chen Li-fu left the country for the United States. Influential members of the CC faction only remained in the less important representative organs. On the one hand, the KMT's need for self-legitimation through the preservation of representatives in the three branches of the National Congress (the National Assembly, the

Legislative Yuan, and the Control Yuan) maintained a political space for members of those mainland factions. On the other hand, the remaining CC faction members in the national representative organs favoured Chiang Kai-shek's strategy for checking the power of Premier Chen Cheng.⁴⁶

With respect to the Political Study faction, its influence gradually declined after factional leader Yang Young-tai was assassinated in 1947 during the KMT's time on the mainland. After the KMT moved to Taiwan, influential individuals of the Political Study faction held no strategic positions in the party and central government agencies. Although the factions' successor leaders, Wang Shih-chieh and Chang Chun, were subsequently named Secretary-Generals of the presidential office, this position had no significant meaning under Chiang Kai-shek's dictatorship. During the party's re-organisation in 1952, both leaders were also excluded from the CRC.⁴⁷

The only faction, apart from the Chiang Ching-kuo faction, not threatened by elimination was the Youth Corps. On the one hand, Chiang Kai-shek's incorporation of the Youth Corps into the KMT in 1947 had reduced the Corp's overall power. On the other hand, the Youth Corps was necessary to back up Chiang Kai-shek's leadership and support his strategy of factionalism elimination.⁴⁸ In 1949, the Youth Corps' leader, Chen Cheng, was named Governor of Taiwan. After the KMT moved to Taiwan, he was further appointed as the head of the CRC, the Deputy Director of the KMT, and the ROC Vice-President and Premier. However, Chen Cheng's death in March 1965 contributed to the decline of the Youth Corps. It also prevented an escalation of the potential conflict between Chen Cheng and Chiang Ching-kuo.

In contrast to the above mentioned factions, the overall power of the Chiang Ching-kuo faction increased dramatically as a result of Chiang Kai-shek's intention to cultivate Chiang Ching-kuo as his successor. As a factional leader, Chiang Ching-kuo first controlled all the security forces in the party, the military, and the government through the PAC. Then, Chiang Ching-kuo was appointed as director of the newly-established General Political Warfare Department of the military (GPWD), an organisation based on the Soviet Union's political commissar system, which was founded in March 1950. The GPWD helped Chiang Ching-kuo to infiltrate the military where he had had no prior power base.⁴⁹ A training school, the *Fu-hsin-kang* College for the development of political commissars was also established. Chiang Ching-kuo was also named head of the College.

Moreover, Chiang Kai-shek named Chiang Ching-kuo as a member of the CRC to take part in the party's re-organisation. After the re-organisation, most strategic positions in the party and government were occupied by the Chiang Ching-kuo faction. At the same time, Chiang Kai-shek appointed Chiang Ching-kuo as director of the Revolutionary Practice Institute, the KMT's central cadre school.⁵⁰ These steps were viewed as attempts by Chiang Kai-shek to establish Chiang Ching-kuo's power base in the party. Furthermore, Chiang Kai-shek established the NSAYC on 31 October 1952 with Chiang Ching-kuo as its first director. The NSAYC serves as a political organisation to consolidate Chiang Ching-kuo's influence among the young people/ members and academics.⁵¹

Finally, Chiang Kai-shek decided to remove the two Washington-backed KMT leaders Wu Kuo-chen and Sun Li-jen from their power bases. Both Wu Kuo-chen and Sun Li-jen's standing within KMT's ranks was bolstered by support from the US government. Due to Washington's attempts to sustain its influence in Taiwan, it forced Chiang Kai-shek to appoint Wu Kuo-chen as Taiwan Governor

in 1949 and Sun Li-jen as the Army Commander-in-Chief in 1950. The two leaders shared similar backgrounds: both received a graduate degree in the USA and were trusted by the then-American leadership. Since the KMT was highly enthusiastic about gaining support from the US government after it had lost its power on the mainland, Chiang Kai-shek did not resist the US pressure.⁵²

However, both Wu and Sun were doubted by Chiang Kai-shek from the very beginning. More importantly, conflict and tension arose from time to time between Wu Kuo-chen and Chiang Ching-kuo and between Sun Li-jen and Chiang Kai-shek. As Washington re-established its co-operation with the KMT regime following the shock of the Korean War, these two US-backed leaders lost their support from the USA. Wu Kuo-chen was removed from Taiwan Provincial Government in 1952. In the same year, he left for the USA and became a political dissident. He was prohibited from returning to Taiwan and died in America. Sun Li-jen, he was forced to leave his office in 1954. One year later, in 1955, he was confined to his residence (until 1990) since Chiang Kai-shek alleged that Sun had attempted to launch a military coup against him.⁵³

In addition to those efforts mentioned above, Chiang Ching-kuo himself developed personal ties with hundreds of top and secondary party, state, and military officials through both formal, i.e. cadre training programmes and apprenticeships, and informal means, i.e. hereditary family lines. This pattern of recruitment enabled Chiang Ching-kuo to exercise intimate control and command personal allegiance before and after his succession as the KMT's supreme leader.⁵⁴

After several stages of the campaign against factionalism, the removal of the two Washington-supported leaders, and the death of Premier Chen Cheng, Chiang Kai-shek successfully completed the re-organisation of the KMT's ruling

society. His leadership was also restored. At the same time, Chiang Ching-kuo's succession to the leadership was directly confirmed by these new developments. Chiang Kai-shek and Chiang Ching-kuo subsequently became political strongmen in Taiwan.

3.3 The Re-building of the Local Elite Structure

Taiwan's local political landscape was dominated by gentry and landlords who influenced politics through their resources of wealth and power, i.e. the land, during the period of Japanese rule. After the KMT took over Taiwan's sovereignty from the Japanese in 1945, a group of Taiwanese-mainlander elites (*pan san*) cultivated by the KMT to help its governance of post-war Taiwan came to the island. The *pan san* soon commanded most political and economic privileges. This situation irritated the local Taiwanese elites who grouped themselves to compete again the *pan san*. With a broad realignment, the then-Taiwan's local elite society separated into three groups: the *Pan-san pal*, the *Taichung pal*, and the *A-hi pal*. As those native political groups were either almost totally unorganised or else they were very ephemeral organisations, there should be viewed as factional cliques or tendencies.

The *Pan-san pal* referred to those who had original linkages with Taiwan but had served in the KMT government on the mainland. As main political and cultural cleavages between the mainland regime and Taiwanese society were evident as a result of fifty-years of Japanese rule, the KMT selected and trained a group of Taiwan-born party cadres to form a bridge between the KMT and Taiwanese society before it took over this island from Japan. These KMT Taiwanese-mainlander elites co-operated well with the KMT government and occupied the majority of local executives offices in post-war Taiwan. They

eventually developed their own power base led by several notables. As Taiwanese people used to call people from the mainland *T'ang-san*. *Pan-san* refers to those who have political, economic, or social affiliations, separately or in combination, to the mainland but who were born in Taiwan. Thus, they were generally termed the *Pan-san pai*.⁵⁵

The *Taichung pai* refers to the group developed by local Taiwanese leaders. It was headed by Lin Hsien-tang. As its political, economic, and social bases were mainly in the area of Taichung, this group was named the *Taichung pai*. The overriding characteristic of this group was its engagement in anti-colonial movements at the time of Japanese rule. The group's leader, Lin Hsien-tang, established the Taiwanese Cultural Association in 1921, calling for a non-violent liberalisation of Taiwan, i.e. by establishing a Taiwanese Assembly independent of the Japanese Taiwan governor office. After the KMT came to Taiwan in 1945, this group remained politically active.⁵⁶

The third group constituted by local Taiwanese elites was the *A-hi pai*. This group comprised two sub-factions led by Chiang Wei-shui and Hsu Ping respectively. Similar to the *Taichung pai*, the Chiang Wei-shui faction was characterised by its engagement in anti-Japanese movements. By contrast, the Hsu Ping faction consisted of Taiwanese elites who were used by the Japanese government to rule over Taiwan. Based on the *Taichung pai* and especially given the *Pan-san pai*'s taking of local political spoils, these two sub-factions co-operated as a whole political force to pursue political goals.⁵⁷

With the establishment of their government in Taiwan after World War Two, the KMT's mainlander factions moved to the island to compete for the abundant resources left by Japanese. Taiwan Governor Chen Yi himself was one of the leaders of the Political Study group. During Chen Yi's terms of office

as Minister of Military Affairs, Fukien Governor, and General-Secretary of the Executive Yuan, conflict between Chen Yi and leaders of the CC faction, the Blue Shirts, the Youth Corps, and the Kung-Sung faction was passionate.⁵⁸ Chen Yi's occupation of the office of Taiwan Governor also caused great tension between him and other factional leaders.

Following Chen Yi's appointment as Taiwan Governor, factionalism between the Chen Yi faction and other mainlander factions emerged in post-war Taiwan. Conflict first arose in relation to the competition for strategic positions in the Taiwan provincial government. The Chen Yi faction seized most important positions in the government while the CC faction took over the party's Taiwan Provincial Branch. In the military and security domains, major positions were occupied by the Blue Shirts. The Kung-Sing group grasped most executive offices of government-owned organisations and companies. The Youth Corps concentrated on its organisational expansion in Taiwan.⁵⁹

As a result of the intense competition for public offices among the KMT mainlander factions, no strategic post in the Taiwan provincial government was occupied by local Taiwanese elites. Although within local society there were 2,508 post-graduates, 55,000 graduates from Japanese universities and colleges, and more than 100 people receiving university education in Europe and America, the Taiwanese themselves took only one office, the deputy director of the Education Department, in the then-KMT government.⁶⁰

Moreover, malignant factionalism led to political corruption. All factions did their utmost to exploit public resources in order to expand their factional interests and influence. Bureaucratic capitalism severely damaged the KMT's ruling credit in post-war Taiwan. Furthermore, the struggle between the Chen Yi faction and other mainlander factions was intense. On the one hand, Chen Yi's

rival factions took every chance to boycott Chen Yi's personnel arrangements and political programmes. On the other hand, Chen Yi took advantage of his office to attack his rival factions. Factionalism between KMT mainlander factions was greatly complicated by political involvement of the three Taiwanese elite groups.

In general, Chen Yi kept alliance ties with the *Pan-san pai* so as to manage local political affairs. He remained very hostile to the *A-hi pai* since he questioned their loyalty to the KMT government. The conflicting relationship between Chen Yi and the *A-hi pai* indirectly impelled Chen Yi's rival factions, the CC and the Blue Shirts, to ally with the *A-hi pai* against the Chen Yi faction. Under such circumstances, the relationships between the *Pan-san pai* and *A-hi pai*, and between Chen Yi's rival factions and the *Pan-san pai* were full of tension. Meanwhile, the *Taichung pai* retained a wait-and-see attitude to KMT mainlander factions and the other two Taiwanese groups.⁶¹

Political corruption and the chaos of the Chen Yi government's economic management and especially the excessive factionalism among the Chen Yi faction, the KMT mainlander factions, and Taiwanese elite groups (i.e. the *Pan-san* and *A-hi*) finally led to the chaos of the KMT's rule in then-Taiwan. In order to restore governance and social order, the KMT resorted to armed suppression which resulted in the mass killings of 1947. This was known as the February 28 Incident, when more than 20,000 people disappeared or were killed, most of them Taiwanese.⁶²

Since excessive factionalism was the major cause of the collapse of Chen Yi's government, local elite groups were subject to repression after the KMT retreated to Taiwan in 1949. While action to eliminate factionalism was taking against KMT mainlander factions, Taiwanese political groups also faced

repression. Major factional leaders of the *Pan-san pai* were either forced to resign from their offices or sent to jail. Leaders of the *A-hi pai* and *Taichung pai* were also removed from their influence. They soon declined.⁶³ What is more, the KMT's land reform deprived the Taiwanese gentry of their economic resources, thus accelerating the break down of the three Taiwanese elite groups.⁶⁴

However, as an outsider regime, the KMT was unable to control all local elites despite the repression of leaders of the *Pan-san pai*, *Tai-chung pai*, and *A-hi pai*. In order to rule Taiwan where the KMT lacked a popular base and experience in governing, the KMT had to re-establish its relationships with local elites. So from 1950, local elections have been held regularly in Taiwan. Elections institutionalised the KMT's connections with local leaders through networks of patron-client relations. With the passage of time, the political and economic interests of the KMT and local elites became intertwined, bolstering the KMT's legitimacy. The KMT's election-derived linkages with local elites also enabled the KMT to penetrate and exert more effective social control over local society.⁶⁵

The KMT's holding of local elections contributed to the rise of new factions in Taiwan's local units. On the one hand, local elites functioned as political brokers to channel electoral support from local society to back up KMT candidates, so that they were able to exchange privileges (both political and economic) with the regime. On the other hand, local elites also joined elections to compete for public spoils in their own districts. As more and more social and economic resources were mobilised into the electoral process, elections became more competitive and intense, driving local elites to group themselves into a number of political alliances based on local units, i.e. local factions.

3.4 Conclusion

With the KMT's political re-establishment, the political structure of the KMT's ruling society and local political society changed profoundly. The overall power of most KMT mainlander factions, i.e. the Whampoa faction, the CC faction, the Blue Shirts, the Youth Corps, the Kung-Sung faction, and the Political Study faction, was reduced. In contrast, the Chiang Ching-kuo faction emerged on the main political stage, dominating most strategic resources and positions in the KMT party-state. At the same time, the local political landscape was reshaped. Leaders of the three Taiwanese elite groups, i.e. the *Pan-san pai*, *Taichung pai* and *A-hi pai*, were subject to repression.

However, the KMT was unable to control all local elites despite the mass killing in 1947, known as the February 28 Incident, the KMT's land reforms, and the regime's White Terror in the 1950s. Its lack of a popular base in, and linkages with, Taiwanese society drove the regime to absorb local elites into its political system. Local elites' capability to mobilise electoral support from below was necessary for the regime to penetrate local society and to legitimise itself. Therefore, the KMT constituted its relationships with newly emergent Taiwanese elites who were soon able to fill the political vacuum left by the *Pan-san pai*, *Taichung pai*, and *A-hi pai*.

The KMT took two major steps to re-organise Taiwanese elite society. First, while using its abundant economic resources inherited from the Japanese government and US economic aid, and sustained by natural monopoly and governmental procurement to cushion the economic security of a few loyalist mainlanders who were politically well-connected with the KMT, it used the economic resources of the regime to entice the co-operation of predominant Taiwanese families: the Yen family in Keelung, the Lin family in Panchiao (Taipei),

the Lin family in Wufeng (Taichung), the Ku family in Lukong (Changhua), and the Chen family in Kaohsiung.⁶⁶ On the other hand, these predominant Taiwanese families also used their island-wide fame and resources to strengthen ties with KMT mainlander ruling elites through marriages or clientelist relationships. They later became successful capitalists under the patronage of the KMT party-state system.⁶⁷

Secondly, the KMT impelled local political elites to co-operate with the regime on the basis of the KMT's strong political and economic dominance. On the one hand, the KMT granted abundant political and economic privileges to those who were willing to serve the regime. On the other hand, the KMT put strict control over forming new political parties and groups. Political opponents were subject to suppression. National politics was closed to Taiwanese. Under a carrot-and-stick policy, most Taiwanese elites were incorporated into the KMT's political system. Over excessive election competitions in the 1950s, they soon developed into many groups based on local units, i.e. local factions.

Using the patronage system, the KMT successfully institutionalised its connections with local factions. Through employing deliberate manipulation, the KMT kept local political leaders divided in two non-ideological camps and maintained the role of king-maker in the nomination process. Therefore, the KMT could easily play one faction off against another and gain control over all factions in each administrative district. Local factions thus became the KMT's political clients at the local level. This allowed the émigré regime to establish its rule in Taiwan where it had no previous support.

In other words, as the KMT leader, Chiang Kai-shek deemed the KMT's loss of the Chinese mainland was due to excessive factionalism within the party, the KMT sought to stamp out factionalism within its own ranks after it retreated to

Taiwan. The campaign to eliminate factionalism was directed against the KMT's mainlander factions. Meanwhile, however, the KMT actively encouraged a depoliticised form of factionalism in society. This was thought to be the necessary measure for it to rule the native political leaders so as to widen its legitimacy in Taiwan.

With the passage of time, influence of local factions was greatly enhanced with political and economic changes. After Chiang Ching-kuo succeeded his father as KMT chairman in 1975, the KMT became worried by these phenomena and tried to curb them. Unfortunately resentments from local factions against the KMT's attempts to reduce their overall power worked to undermine the KMT's own unity. Local factions sought to support the opposition candidates in elections so as to challenge KMT central authority. In turn, this increased the pressure for further democratisation.

An analysis of the origins and characteristics of Taiwanese local factions, the KMT's establishment and maintenance of its clientelist alliances with local factions, and underlying problems of the structure of the KMT-local factions alliances follows in the next chapter.

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² Ibid.

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1950-52," *The China Quarterly* vol. 133 (March 1993): 58.

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⁵ Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan] (Taipei: Yueh-tan ch'u-pan yu-hsien-kung-szu, 1995), 87.

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⁷ *Ibid.*

⁸ Cheng Tun-jen, "Democratising the Quasi-Leninist Regime in Taiwan," in *World Politics* vol. 41 (July 1989): 479.

⁹ Hermann Halbeisen and Peter Ferdinand, "Domestic Political Change," in Peter Ferdinand (ed.), *Take-off for Taiwan?* (London: The Royal Institute of International Affairs, 1996), 5.

¹⁰ Bruce J. Dickson, *op. cit.*, 65 and 67.

¹¹ *Ibid.*, 61-62.

¹² Cheng Tun-jen, *op. cit.*, 477.

¹³ Bruce J. Dickson, *op. cit.*, 76.

¹⁴ *Ibid.*, 67.

¹⁵ Wakabayashi Masatake, *T'ai-wan: feng-lieh-kuo-chia yu min-chu-hua* [Taiwan: Divided Country and Democratisation] trans. Hsu P'ei-hsien and Hung Ching-chu (Taipei: Yueh-tan ch'u-pan yu-hsien-kung-szu, 1994), 93.

¹⁶ Cheng Tun-jen, *op. cit.*, 482.

¹⁷ Chu Yun-han, *op. cit.*, 18.

¹⁸ Bruce J. Dickson, *op. cit.*, 72.

¹⁹ Chu Yun-han, *op. cit.*, 20.

²⁰ Cheng Tun-jen, *op. cit.*, 477.

²¹ Bruce J. Dickson, *op. cit.*, 70.

²² *Ibid.*, 75.

²³ Cheng Tun-jen, *op. cit.*, 476.

²⁴ *Ibid.*

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- ²⁶ Hermann Halbeisen and Peter Ferdinand, op. cit., 5.
- ²⁷ Wakabayashi Masatake, op. cit., 120.
- ²⁸ Chen Ming-tung, op. cit., 114-117.
- ²⁹ Chu Yun-han, op. cit., 21.
- ³⁰ Wakabayashi Masatake, op. cit., 118.
- ³¹ Michael Ying-mao Kau, op. cit., 289.
- ³² Cheng Tun-jen, op. cit., 476-477.
- ³³ Ibid.
- ³⁴ Ibid., 477-478.
- ³⁵ Wakabayashi Masatake, op. cit., 34.
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- ⁴² Ibid., 119.
- ⁴³ Ibid., 130.
- ⁴⁴ Bruce J. Dickson, op. cit., 119-120.
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- ⁴⁶ Chen Ming-tung, op. cit., 130.
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- ⁵⁶ Chen Ming-tung, op. cit., 50.
- ⁵⁷ Ibid., 51.
- ⁵⁸ Ibid., 52-53.
- ⁵⁹ Ibid., 64-71.
- ⁶⁰ Ibid., 71.
- ⁶¹ Ibid., 54-55.
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CHAPTER 4

Local Factions in the KMT Authoritarian Regime

With the KMT's political re-establishment in the early 1950s, the three major Taiwanese elite groups, the *Pan-san pai*, *Tai chung pai* and *A-hi pai*, were dissolved. The accomplishment of land reform at the same time further accelerated the fading away of old local elites from political stage. However, the KMT's lack of a popular base in Taiwan caused problems for its governance. In order to establish its rule, the KMT sought the support of indigenous elites. Through the regime patronage system and implementation of sub-national elections, the KMT institutionalised its relations with the newly emerged elites who later grouped into a number of factions in the local units.

As Tsai Ming-hui and Chang Mao-kuei point out, the research on Taiwan's local factions is a key component of Taiwan's political studies. On the one hand, local factions have been playing significant roles in Taiwan's elections and political development. Although Taiwan's party politics is becoming more mature, local factions still exert considerable influence over local politics. On the other hand, local factions served as the primary political machine bridging the KMT party-state and Taiwanese society. The existence and activities of local factions are closely related to the characteristics of the KMT's authoritarian governance.¹

To express this differently, studies of Taiwan's local factions and their relationships with the KMT regime provide a new approach in examining Taiwan's political development through the techniques of elite analysis. This chapter begins with a study of the origins and characteristics of Taiwan's local factions. Then, the focus moves on to how the KMT established its alliance relations with local factions through the regime patronage system. Thus, it becomes possible to answer the question of how the clientelist alliance structure between the KMT and local factions could maintain the KMT's authoritarian rule over Taiwan for the past four decades.

4.1 The Origins of Taiwan's Local Factions

In the literature on Taiwan's local politics, there are two major opinions about the causes of Taiwan's local factionalism. The first view emphasises the importance of socio-cultural factors in the creation of factions in Taiwan's local units. Traditionally, the family has had an important influence on personal activities in Chinese society because traditional Chinese Confucianism is an intense familism that took precedence over all other social relations. As Wen Tsung-I pointed out, Chinese peasant society is characterised by its strong emphasis on the family, paternalism, and regionalism. Relationships built upon the primary groups affect not only individual, but also collective behaviour.² Similarly, those characteristics are commonly shared by Taiwanese society.

Traditional peasant characteristics contributed to the creation of factions in Taiwan's local society because they provided advantageous conditions for local elites to call for support from personal networks to engage in political activities.³ In other words, traditional socio-cultural roots and relationships provided the foundations of Taiwan's local factions. Under electoral

competition, these roots and relations were easily employed by local elites to group themselves, and mobilise support to run election campaigns and compete for public offices. Excessive electoral contests inevitably lead to the creation of local factions.⁴

Both Jacobs and Gallin also highlighted the importance of traditional socio-cultural roots in the origins of Taiwan's local factions. They claimed that Taiwan's local factions did not exist at the time of Japanese rule, but began to emerge after local elections were regularly held by the KMT from 1950 onwards. The goal of winning election campaigns drove local elites to group themselves in order to expand their political influence and strength. Excessive electoral competition enlarged traditional social as well as cultural cleavages, and concentrated interest relations between local elites, providing fertile ground for the development of local factions.⁵ In general, this perspective deems that Taiwanese local factions should be seen as primarily by-products of its Chinese culture.

The second view of the origins of Taiwan's local factions focuses on the significance of the KMT regime's political management. As both Chu Yun-han and Wu Nai-teh stated, local factions were deliberately cultivated by the KMT. Since the KMT was an outsider regime from the start, it had to rely on local elites to penetrate the local community. However, the 28 February Incident in 1947 and the KMT's political re-establishment in the early 1950s had deterred old local elites from participating in politics. The implementation of land reforms further removed the influence of the old local elites. Under such circumstances, the KMT used its political control and economic resources to build relations with the newly emerged local elites through the patronage system.⁶

What is more, the KMT cultivated at least two factions in every county and district in order to offset the strength of each, so that the KMT could easily gain control over local factions. Also, the KMT used its nomination power to switch between factions to occupy city-county and *hsiang*-township executive offices and thus prevent political dominance by any single local faction. A discussion of how the KMT established and controlled its alliance relationships with local factions follows in section 4.3. Briefly, both Chu Yun-han and Wu Nai-teh argued that the existence of factions in Taiwan's local units is a feature of a political system delicately created and managed by the KMT. Through clientelist alliances with local factions, the KMT's governance in Taiwan could be maintained.⁷

The first perspective is clearly deficient in explaining the actual development of Taiwan's local factions. As Tsai Ming-hui and Chang Mao-kuei pointed out, elections had been implemented in some districts in 1935 under Japanese rule. Nonetheless, local political factions were unseen in Taiwan at that time. Though local elections were held regularly from 1950, factions still did not emerge across the whole island. In the early 1950s, some districts had no local factions at all. In other words, the emphasis on socio-cultural factors ignores the effects of the political system and political change on the development of local factions.⁸

On the other hand, the emphasis on the effect of the KMT's political management seems insufficient to explain why local factions are capable of mobilising the support from local society, why the KMT had to establish alliance relationships with local factions, and how local factions could help the KMT to establish its rule over Taiwan. In all, the political management perspective ignores the unique power structure and organisational characteristics of local

factions. In addition, it takes no account of the effects of historical, social, and economic conditions on the development of factions in the local units.⁹

In the light of the evident weakness of both the socio-cultural and political perspectives, Tsai Ming-hui and Chang Mao-kuei suggested that Taiwanese local factions were neither simple outgrowths of Taiwan's traditional socio-cultural roots, nor the outcome of the KMT's institutional designs. Rather, they were institutions developed under the special historical, social, economic, and political circumstances of Taiwan's pre- and post-war experiences. Taiwanese local factions emerged from a transformation of remaining social cleavages through major historical processes, i.e. pre-war colonisation, the transition from Japanese colonisation to the Nationalists' political regime, the land reforms in the early 1950s, and the implementation of local self-governance (home rule).¹⁰ This view was shared by Joseph Bosco.¹¹

According to Lee Hsiao-feng's study, local elites already existed at the time of Japanese rule. A number of social leaders were allowed by the Japanese government to join assemblies at various levels. These assemblies served as honorary institutions without legislative power, enticing the co-operation of Taiwanese local leaders. Local elites retained their influence, regardless of the transition of political regime, when the KMT took over the sovereignty of Taiwan from Japan in 1945. In the 1946 elections for county councillors and provincial assemblymen, 292 of 740 county councillors (39.46 per cent) and 22 of 47 provincial assemblymen (46.81 per cent) had previously held public offices under Japan's colonial government.¹²

However, the 28 February Incident in 1947 and the KMT's political re-establishment in the early 1950s re-built the landscape of elite structure in the local units. The accomplishment of land reforms further changed the socio-

economic system and power structure of local society. The old local elites became passive to participate in politics. Local politics was now dominated by new forces which emerged with the implementation of local elections in 1950 and 1951. These newly emergent elites soon filled the political vacuum and co-operated with the KMT to pursue political and economic privileges.

In short, Taiwan's local factions consisted of local elites who had already established a certain influence over local society based on their economic resources and social status. But, they had had no, or only a few, political experiences during the period of Japanese rule. They were not totally new political recruits who emerged because of the KMT's holding elections or deliberate cultivation. After the old local elites who were unwilling to accede to party discipline or co-operate with the regime had been eliminated from the political stage by the KMT regime, they filled the political vacuum and developed a patron-client relationship with the KMT.

Political competition provided institutionalised means for the new local elites to pursue political privileges through public offices. Nevertheless, excessive electoral competition inevitably forced them to resort to traditional socio-cultural roots and primary relationships as a basis for running election campaigns. With the implementation of local elections, the new local elites soon came to dominate the local political landscape. They grouped into a number of factions. The newly emerged political forces in the local units were in due time institutionalised into the KMT's political system after the regime's ruling capability was established in Taiwan.

The creation of Taiwan's local factions was assisted by two environmental factors. The first of these was the KMT's political management. As I have mentioned earlier, the KMT after 1949 sought to eliminate factionalism within its

own ranks, but actively encouraged a depoliticised form of factionalism in local society. Political fostering and manipulation inevitably brought about conflict between local political leaders. Besides, the KMT closed national politics to local elites in order to maintain the immigrant elites' dominance. Limited resources also played a role in intensifying the competition between indigenous elites. Intense competition compelled local elites to group themselves in order to expand their political strength.

Furthermore, the KMT adopted corporatism to manage the economy and civil society in order to prevent an autonomous populist politics. It controlled and demobilised all modern social sectors through the pre-emptive incorporation of business and professional associations, labour unions, state employees, journalists, intellectuals, students, and other targeted groups. Therefore, the growth of social fabric in private society was seriously blocked. The only remaining weft and warp of the civil society were the lineage groups, private enterprises, and some religious groups.¹³ It indirectly encouraged the locals to pursue their personal interests through patron-client ties, thus providing fertile ground for the development of factions in Taiwan's local units.¹⁴

Second, Taiwan's inferior socio-economic development in the 1950s and 1960s promoted the growth of local factions. According to Wakabayashi Masatake, the unemployment rate was as high as 10 per cent in the early 1950s. Illiteracy covered over 30 per cent of the population. Political and economic resources were distributed unevenly and were dominated by local leaders. These conditions naturally increased the need for patronage between individuals to seek mutual aid.¹⁵ However, clientelism contributes to the growth of ethnic, linguistic, and religious fragmentation and arbitrariness in the distribution of resources, leading to the spread of local factions.

4.2 The Characteristics of Taiwan's Local Factions

Several characteristics of Taiwan's local factions can be described. Firstly, local factions are a group of local elites who have concerns with local political affairs. All factional members share same political interests and are bound by the interests of the faction. Members of local factions are positioned hierarchically in a rigid pyramid with a simple structure including three layers. At the top of pyramid structure, there are factional leaders. Their influence comes from social networks built up through local public offices such as those of county magistrates, city mayors or provincial assemblymen, and institutions of regional monopolistic business activities, i.e. co-operative banks, credit unions, and bus companies. Normally, whoever controls those resources, especially public offices, are more capable of becoming factional leaders.

The second layer of factional structure consists of sub-leaders. These are normally township chiefs, county/ city legislators, township legislators, senior officers in local administrations, party committees and schools, and leaders of local civil organisations such as farmers associations. They also possess regional monopolistic businesses, but these resources are less compared with those of top leaders. The lowest layer comprises factional cells (vote brokers or *tiau-a-ka*); the basic units of local factions. Cells exist in the basic administrative unit, i.e. village or *ll*. They are normally the chiefs of village or *ll*. Their influence comes from face-to-face interactions with the locals.¹⁶

Factions tend to be personally-oriented and centre around the charisma and influence of powerful individuals. Organisational management mainly relies on the influence of factional leaders. They reflect the specific characteristics of the leader-follower structure. The coherence of the faction depends on

uninstitutional norms agreed among factional members. However, these norms have no compulsory effects in terms of law. Thus, members can withdraw whenever they feel like. But, the "defector" may will meet certain obstructions from other factional members. For example, the defector may meet a boycott during his election campaign. Conflict over interest issues or leadership within factions are handled though voting among factional leaders.¹⁷

Secondly, local factions are informal organisations which have neither a fixed system of organisation nor legal status. Unlike party factions, they are not part of any formal institution. Factional activities are unspoken. Factional leaders usually meet in private places. Also, factional members never meet together all at the same time. They have neither designed meeting places nor established headquarters. Once decisions are made between factional leaders, they serve as the common goal of all factional members and are communicated to factional members via factional nodes. Similarly, the demands or opinions of factional members at lower layers are passed through nodes to factional leaders for discussion if the opinions or issues are significant.

Thirdly, local factions do not make policy for the faction as a whole although opinions are communicated between factional leaders. They do not offer the same kind of political programme as an organised political party would. Elections serve as the primary activities for local factions. They provide the means for local factions to pursue political and economic interests through public offices on the one hand, and to support KMT candidates so that they could exchange regional monopolistic business on the other hand. Local factions participate in every electoral contest since elections serve as both the purpose and means for the development of local factions.¹⁸

Accordingly, the activities of local factions can be generally separated into two different periods: election time and non-election period. At the time of election campaigns, local factions co-ordinate their members to compete for KMT tickets to run for public offices, mobilise support from their networks, distribute potential votes between their candidates, and channel funds for their own factional candidates. Factions are especially active during election campaigns time. During non-election periods, local factions use their political and economic resources to expand the scope and number of followers to strengthen organisational influence, distribute interests and accommodate conflict between factional members, and serve the locals in their constituencies in order to prepare for the coming elections.¹⁹

Factions compete for public offices such as local administration and farmers associations, since these offices provide the necessary organisational and economic resources for the development of local factions. Only through formal organisations can local factions pursue their political and economic interests. Local factions often use the authority of local administration to distribute public resources to their own factional members who in turn will advance the development of their factions by their economic strength and/or social networks. In other words, local factions band together for the electoral success of one of their members, but they do not all actually stand for office themselves. To compete for and hold public office serves as a means for the development of local factions, but does not fulfil their overall objectives.

In short, Taiwanese local factions are informal political organisations, pursuing political and economic interests through local public offices. They are built and maintained through tradition, unspoken bonds, and personal nodes rather than formal rules and regulations. Organisationally, local factions reflect the specific characteristics of their personal, leader-follower, i.e. patron-client,

structure. Followers are directly recruited by leaders. They have a simple structure in which members are positioned hierarchically in a rigid pyramid. However, they have no scheduled meetings, formal votes, designated meeting places, or established faction headquarters. According to the level of institutionalisation, local factions are of the personal or client-group factions type.²⁰

Since not all public demands can be satisfied by formal organisation (i.e. government) and locals are usually unable to access authority directly, local factions function as political brokers to bridge the gap between the local and the government on the basis of their organisational strength. Informal politics supplements the practice of formal institutions, sustaining the movement of local politics. In reality, locals (clients) whose demands can not be fulfilled effectively by formal institutions (normally because their demands are illegal or uninstitutional) may ask help from village chiefs or local councillors (lower factional members) who are able to satisfy the clients' demands through using their factional networks. For example, a client may ask a local councillor to intervene in governmental bodies to arrange employment.

If the client's demand is out of their reach, the councillors or village chiefs being asked will ask support from their factional members who are in the higher layers of the faction (such as township chief or provincial assemblyman) since they have enough influence to fulfill the client's demand. After the client's demand is satisfied, the client pays a certain amount of money to the councillors/ village chiefs (in some areas, charges for factional "services" are stipulated in each local councillor or village chief's office) or help the councillors/ village chiefs to channel voting support during an election campaign. The local factions' capability to satisfy locals' demands explains why they can survive.

However, local factions do not serve all the locals in their districts. They help only those who are affiliated with one of the members of their factions or who are able to advance the development of their factions. This is to say that local factions' services to locals are based on the concerns of factional interests. Throughout their services and face-to-face interactions with locals, factions can expand their social network and organisational strength continually. Those organisational resources can be transformed into voting or financial support during election campaigns. If one of their members can be elected, the faction can control more public resources and become more effective in serving their own clients. Thus, factions are able to keep developing and expanding.

Most factions have maintained alliance ties with the KMT. Interactions between local factions and the party are individual and personal. They move mainly between factional leaders and party committee directors. However, as I mentioned earlier, decisions made between top factional leaders will serve as the common goal of all factional members. Therefore, the individual/ personal interactions between factional leaders and the party form the relationships between the faction and the party. Election is the major issue between local factions and local party committee. During election campaigns, factional leaders represent their factions to compete for party tickets for their member candidates. The party also sets a certain amount of votes for the local factions to collect in order to support the party. During non-election periods, the local party committee mainly acts as a mediator to accommodate conflict between factions.

Taiwan's local factions did not have explicit names before 1950. The KMT's implementation of local elections concentrated the traditional political, social and cultural roots in local society, and brought these into the formation of local factions. Since then, local factions have been clearly named. Local factions are usually named by the surnames of their originators, the colours which they used in election campaigns, or other designations which symbolise characteristics of the factions.²¹ For examples, there are Black, White, and Red factions in Kaohsiung County. In Chiayi County, the two major factions are named Huang and Lin.

According to the areas in which factions act, Taiwan's local factions can be categorised into two levels: county-city and sub-county, i.e. *hsiang*-township. Sub-county factions are not subordinate organisations of factions at the county-city level. Factions at both levels exist independently of each other, but they link up through clientelist ties during elections. Whether factions at the sub-county level maintain alliance relations with factions at the county level depends on the rewards provided by county-city factions.²² According to Chen Ming-tung, there are 89 local factions at county-city level that have operated in Taiwan after the mid-1950s.²³ Although there has been no research to show the precise number of factions at sub-county level, each of Taiwan's 309 *hsiang*-townships has at least two factions until now.²⁴

Research on the background of local factions is scarce. This is due to the difficulties involved in such a research operation. To identify the memberships of local factions seems extremely difficult because of local factions' organisational characteristics. Factional activities are usually unknown to outsiders. However, limited research findings about the background of Taiwan's local factions have been published. Basically, the educational level of factional politicians is inferior compared with that of non-factional politicians. According to Wang Cheng-

huan's investigation of national legislators from 1969 to 1972, 62.58 per cent of the non-factional legislators has a university education. By contrast, only 37.42 per cent of faction-based legislators have first degrees.²⁵

Chao Yung-mao also pointed out that the lower the administrative level, the sharper the factional activities. Besides, politicians at the *hsiang*-township level are commonly tied with factions.²⁶ However, his research also shows that the educational level of holders of public office at the *hsiang*-township level is poorer than that at the higher levels. In reality, the educational backgrounds of *hsiang*-township executives and councillors is inferior to that of county-city executives and councillors, and the educational level of county-city executives and councillors is poorer than that of national representatives.²⁷ Both Wang's and Chao's researches indicate that factional politicians are normally poorly educated compared with non-factional ones.

The relationship between ethnic components and memberships of local factions is also observable. The study by Chao Yung-mao reveals that Taiwanese, i.e. Hakka and especially Fukien, are more active in local factions. By contrast, mainland Chinese have less factional concerns and interests. This is because the Taiwanese are much more closely tied to local society and the traditionally organisational characteristics of Taiwanese society are more clientelistic on the other hand. As a result, local factions have more influence in the Taiwanese community, where factionalism is also more active.²⁸

Furthermore, members of local factions place more emphasis on parochial loyalty and locality orientation. They are normally less concerned with modern democratic values.²⁹ This situation has led to the poor development of a legal system in Taiwan's politics especially at the local level. Political corruption existed for a long time in local politics. This structural corruption, in the past,

involved "faction-orchestrated election financing and campaigns, institutionalised vote-buying mechanism, and the relentless pursuit of pork barrel projects, economic prerogatives and outright bribes for replenishing campaign funds." ³⁰

Local factions emphasise the homogeneity among memberships and discriminate against rival factions' members. They compete for interests non-ideologically. In a power struggle, local factions follow the principle of either-you-or-me, leading to a zero-sum game. Extensive factionalism can cause problems of local political development and construction, enlarge social cleavages, obstruct the development of the institutionalisation of local administrations, and especially affect the outcomes of election campaigns.³¹ According to Chao Tung-mao's research in 1997, 49.6 per cent of Taiwan's 309 *hsiang*-townships have suffered from profound factionalism during electoral contests.³²

The impact of socio-economic development on the development of local factions is also visible. Factionalism is normally more intense in areas whose development is inferior and influence of local factions is less evident in urban areas. By contrast, local factions are more predominant in rural areas. That is to say, the lower the socio-economic development, the greater the strength of local factions.³³ Furthermore, local factionalism is stronger in the central and southern areas of Taiwan. In the north, east, and Penghus Islands, local factions have less influence and factionalism is less significant.³⁴ Interestingly, the levels of education and the numbers of younger people seem to have no impact on local faction influence.³⁵ Table 4.1 shows a general summary of factions in Taiwan's administrative areas at county-city level.

Table 4.1 A General Summary of Taiwan's Local Factions

City/ County Names	Major Factions	Factionalism
Keelung County	Chen pai, Chang pai, Hsieh pai	less strong
Taipei City	No evident factions	unseen
Taipei County	No county-wide factions	strong
Taoyuan County	Fukien, Hakka	strong
Hsinchu City	Hsi Hsu (West Hsu), Tung Hsu (East Hsu)	less strong
Hsinchu County	Fukien, Hakka	strong
Miaoli County	Huang pai, Liu pai	very strong
Taichung City	Chang pai, Liao pai, Lai pai	less strong
Taichung County	Red pai, Black pai, and Grey pai	very strong
Changhua County	Red Chen pai, White Lin pai	very strong
Nantou County	No county-wide factions	weak
Yunlin County	Lin pai, Hsu pai, Liao pai, Liu pai	strong
Chiayi City	Hsu chia pan (non-party)	weak
Chiayi County	Lin pai, Huang pai	very strong
Tainan City	No city-wide factions	weak
Tainan County	Pai-men pai, San-hsin pai, Kao pai	strong
Kaohsiung City	Local (Chen) pai, Tainan pai, Penghus pai, Chiayi pai, Wang pai	strong
Kaohsiung County	Red pai, White pai, Black pai (DPP)	very strong
Pingtung County	Chang pai, Lin pai	strong
Yilan County	Lin (Lo-Hsu) pai, Chen pai	weak
Hualien County	Fukien, Hakka	weak
Taitung County	Huang pai, Wu pai, New Turks pai	weak
Penghu County	South pai, North pai	weak

Referring to the map of

Taiwan

Sources:

1. Chao Yung-mao, *Tai-wan ti-fang p'ai-hsi yu ti-fang chen-she te kuan-hsi* [The Relationship between Local Factions and Construction in Taiwan] (Kao-hsiung: Te-hsin-shih ch'u-pan-she, 1978), 50-54.
2. Chen Ming-tung, *P'ai-hsi cheng-chih yu tai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan] (Taipei: Yueh-tan ch'u-pan yu-hsien-kung-szu, 1995), 277-296.

3. Chang Kun-shan and Huang Cheng-hsiung (eds.), *Ti-fang-p'ai-hsi yu t'ai-wan cheng-chih* [Local Factions and Taiwanese Politics] (Taipei: The United News Company, 1996).

4.3 The Establishment of the KMT-Local Factions Alliances

A variety of factors have contributed to the establishment of the clientelist alliances between the KMT and local factions. For the KMT, its need to govern Taiwan played the most important role. Through local factions' mobilisation capability, the KMT could penetrate local society and gain local support to legitimise its ruling via elections. Moreover, coalition with local factions enabled the KMT to absorb local elites into its political structure, giving the regime more control over local society. Furthermore, the KMT's election-derived linkages with local factions enabled the KMT to exert more effective social control and to constrain the growth potential of the political opposition.

For local factions, the KMT's abundant political and economic resources impelled local factions to co-operate with the regime. In particular, local factions were unable to pursue political interests without the KMT's agreement because of the KMT's authoritarian control. For these reasons, local factions were inclined to build allegiances with the KMT by way of their influence in local societies in order to protect their political spaces, and exchange political and economic privileges. With the passage of time, the alliance also generated political loyalty and intricate interest relations, thus contributing to the maintaining of alliance relationships between the two parties.

In short, the establishment of political alliances between the KMT and local factions was based on mutual needs. The KMT took advantage of its political strength and economic resources to absorb local factions into its political structure so that it could legitimise its rule by way of local factions and the support gained from local society (in this sense, the KMT had transformed local factions into electoral machines). On the other hand, local factions have used their mobilisation capability to support the KMT which has in turn rewarded local factions with abundant political and economic privileges. Local factions have further used those KMT-granted resources to expand their political and economic strength. The structure of KMT-local factions alliances can be described as a patron-client type.

Elections under authoritarian rule, whether national or local, provide political opposition with opportunities to organise and mobilise mass support, even under restrictions, which could in turn challenge the dominant authority of authoritarian regimes. However, the KMT decided to hold local elections after it retreated to Taiwan. The KMT's institutionalisation of local elections was based on several reasons. First, home rule of local government by way of elections is one of the fundamental principles in the KMT founder Sun Yat-sen's teachings on "Rule by the People" or Democracy. Thus, the holding of local elections fitted in with Sun Yat-sen's advocacy of democracy. Also, continuing to hold local elections could distinguish "Free China" from "Communist China" and impress its influential allies, especially the United States, in order to justify Taiwan's membership of the western democratic bloc.³⁰

Moreover, most prominent local Taiwanese elites were either killed or frightened after the 28 February Incident in 1947, political opponents were then too weak to pose any significant threat to the KMT. Besides, restrictions on the formation of new political parties further enhanced the ability of the KMT to

collect, regulate, and distribute political and economic interests according to its own concerns. Under such circumstances, elections carried no intrinsic threat to its power. Therefore, elections provided the KMT with regular channels for alleviating resentment and dissatisfaction among political participants and the masses, diluting Taiwanese discontent with the mainlander regime. For these reasons, elections served as effective means of social control for the KMT.³⁷

Furthermore, bloody repression might silence political opponents temporarily, but it could also undermine the legitimacy of the authoritarian regime in terms of political and social stability in the long-run. This is because repression could encourage the opposition to use violent strategies to challenge the regime for political power. Since the KMT did not admit the possibility of a political alternative or the transfer of power, it ensured that there was no serious threat from elections to its staying in power. Thus, the KMT essentially used elections to increase the legitimacy of its rule. In reality, the holding of local elections was a discreet effort by the KMT to restore its ruling legitimacy in Taiwan.³⁸

After Chen Cheng came into office as Taiwan Governor in 1949, he established a study group to suggest measures concerning the exercise of local autonomy. In April 1950, the "Outline of the Exercise of Local Autonomy in Taiwan Province" was promulgated and the divisions of electoral constituencies were announced. In October of the same year, the first direct elections of county and city councils, county magistrates, and city mayors were held in 1950. The first provincial assembly election, in which members were indirectly elected by county and city legislators, was in 1951 (since 1954, the provincial assembly also has been directly elected).³⁹ Afterwards, direct elections to both executives and legislators at the county and sub-county levels, and for members of the Taiwan Provincial Assembly were held regularly.

Based on large and complicated organisational networks and economic strength, local factions have abundant influence over local voting behaviour and considerable capability in running election campaigns.⁴⁰ According to Chen Ming-tung and Chu Yun-han, the electoral success rate of faction-based candidates to provincial assembly elections from 1952 to 1985 was 10.63 times of that of non-factional candidates.⁴¹ Besides, an analysis of 5 elections of Taiwan provincial assemblymen from 1954 to 1968 by Huang Teh-fu shows that the average of factional candidates' share of the popular vote was 57.3 per cent, while the percentage of total average of factional members was 60 per cent.⁴² Local factions' high capability in infiltration and mobilisation is the primary reason that has driven the KMT to institutionalise alliances with them.

The KMT's political alliances with local factions were well reflected in their co-operation in elections. This is called electoral clientelism by Wu Nei-teh.⁴³ On the one hand, relying on its control of most of the economic and political resources, the KMT was able to gain the support of local factions through a system of patronage. Local elections were deliberately used by the KMT to institutionalise its connections with local factions. Through the clientelist alliance relations with local factions, the KMT was able to penetrate Taiwanese society and gain more effective social control, so that the KMT could legitimise its rule in Taiwan.

On the other hand, elections have been important for local factions. Their capability in mobilising support from local society as a result of their links with the locals is the key point for the KMT in establishing alliance relations with them. In elections, local factions channel popular vote to back up KMT candidates to run for public offices. In return, the KMT rewards local factions with regional monopolistic political and economic spoils. In other words, elections provide the

institutionalised means for local factions to pursue political spoils and economic privileges. Elections serve as indispensable mechanism for the development of local factions.

The election-derived linkages between the KMT and local factions are clearly observable. According to two research investigations tabled below, the percentage share of the vote for KMT candidates who were tied to local factions was 63.47 per cent for elections to local executives from 1954 to 1993; 61.86 per cent for elections of Taiwan Provincial Assemblymen from 1954 to 1994; 59.3 per cent for elections of National Legislators from 1972 to 1995; and 40.21 per cent for elections of National Assemblymen from 1980 to 1995 (Table 4.2).

Table 4.2 The Percentage Vote for KMT Local Factional Candidates
at Elections (1954-1995)

Year	City and County Chiefs (%)	Year	Provincial Assemblymen (%)	Year	National Legislators (%)	Year	National Assemblymen (%)
1954	85.71	1954	75.00	1972	52.6	1980	29.62
1957	80.95	1957	63.79	1975	55.6	1986	39.47
1960	90.48	1960	64.86	1980	47.4	1991	43.16
1963	80.95	1963	63.33	1983	51.5	1995	48.62
1968	80.00	1972	50.00	1986	47.1		
1972	40.00	1977	60.87	1989	52.8		
1977	15.00	1981	77.05	1992	78.3		
1981	55.55	1985	68.33	1995	53.3		
1985	61.11	1989	58.06				
1989	65.00	1994	50.91				
1993	42.11						
Average	63.47		61.86		59.3		40.21

Sources:

1. Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan] (Taipei: Yuch-tan ch'u-pan yu-hsien-kung-szu, 1995), 224-227.
2. Huang Teh-fu, "Elections and the Evolution of the Kuomintang," in Tien Hung-mao (ed.), *Taiwan's Electoral Politics and Democratic Transition: Riding the Third Wave* (New York: M.E. Sharp, Inc., 1996), 133 and 134.

The KMT had long found it convenient to maintain its governance by cultivating and combining relations with local factions. Local factions were ideal vehicles for the KMT's infiltration of Taiwanese society since they were not motivated strongly by nationalism, but were based on personal values such as family, geography and academic ties. Therefore, local factions would not pose challenges to the KMT regime. As long as the KMT delivered the special rewards which local factions craved, the KMT could gain support from local factions to meet its governing needs.⁴⁴

Despite the KMT's reliance on, and alliances with local factions, it took several strategies to manage its patron-client relations with local factions in order to put them under control. First, all factions were geographically bound. Local factions were prohibited from engaging in activities or co-ordinating campaign efforts across city and county borders. The KMT central authority effectively blocked any attempt to form island-wide political alliances among local factions and preempted the channels of horizontal liaison in both provincial and national representative bodies.⁴⁵

Second, the KMT suspended elections for representatives to the national legislative institutions on the basis of its claim that it was still the government of the whole of China. The elected national legislators continued to consist of the representatives chosen throughout China on a province-by-province basis in the elections of 1947. Taiwanese representatives were always a small minority in

the national representative bodies, though regular elections were held.⁴⁶ Besides, direct elections for executive posts were limited to the county level and below. The Taiwan Governor was not subject to election, but was appointed by the KMT since an executive with island-wide electoral legitimacy could easily threaten the power of the President.⁴⁷

Under such circumstances, the three branches of the National Congress, i.e. the National Assembly, the Legislative Yuan, and the Control Yuan, consisted mainly of mainlander Chinese. The Taiwan Governor, Taipei City Mayor, and Kaohsiung Major were also mainlanders. Although a few Taiwanese were positioned in high party and governmental offices after the KMT's Taiwanisation policy was implemented in the 1970s, they were discreetly selected and cultivated. Strategic posts such as those of Foreign Minister, Defence Minister, Finance Minister, and heads of the security apparatus were never held by Taiwanese during the time of authoritarian rule.⁴⁸ The KMT's Central Committee (CC) did not recruit any Taiwanese until its tenth Party Congress in 1969.⁴⁹

Due to these arrangements, the national political landscape continued to be dominated by mainlander elites. By contrast, Taiwanese elites filled, but were confined to the local political space. This resulted in the creation of a unique political structure termed a "bi-ethnic political elite structure" by Wakabayashi Masatake.⁵⁰

Third, during the authoritarian years, the KMT controlled a substantial number potential of swing voters, consisting of loyalist mainlanders, state employees, military personnel and their families in each district, which was, in most districts, big enough to tip the balance between competing factions in elections. The party also controlled substantial financial and media resources

and its directive authority over various state agencies. Thus, the KMT had the capacity to make or break the political fortune of a faction and its affiliated politicians by throwing its weight behind rival factions or fostering new competition in the district.⁵¹

Based on the KMT's capacity of balance, the KMT nurtured and kept at least two competing factions within each administrative district below the provincial level, striving for public offices and other electoral offices in many quasi-state organisations (such as farmers associations), and more importantly, for a share of region-based economic rents in the non-tradable goods sector, distributed by the party-directed spoils system.⁵² Therefore, each of the 23 administrative districts at county-city level have at least two factions. Likewise, there are at least two factions at the same time in each of the 309 *hsiang*-townships.

Under the strategy of bi-factionalism, the KMT could easily play one faction off against another and gain control over all factions in each administrative district.⁵³ Also, the strategy of check-and-balance strengthened the clientelist alliances between the KMT and local factions. Since local factions which did not support the KMT would become weak because of rival factions' clientelist alliances with the KMT, factions would must support the KMT patron in order to remain competitive in the political leverage against their counterparts. Thus, the KMT's interests became the clients' interests. If the KMT contributed to the local faction's power, the local faction would use that power to support the KMT. This was particularly true during authoritarian years.⁵⁴ Fierce electoral competition among the factions also helped the KMT to constrain the growth potential of the political opposition as they virtually blocked the entrance of the opposition candidates in local elections.⁵⁵

Fourth, the KMT's control over nomination and election processes served as means to constrain the growth potential of local factions. Under the KMT's monopolisation of political and economic resources, most factions were incorporated into the KMT, whose support guaranteed electoral success in the early decades. Local party committees used their power over nominations to alternate elected posts between factions after every term in some cases, and after every two terms in other cases. Top posts could be divided among factions; for example, if the county magistrate belonged to one faction, the speaker of the county council would belong to another. The distribution of factional influence created the stability of the local political system and reduced the uncertainty of the power struggle between factions.⁵⁶

What is noteworthy is that, all aspects of local elections were tightly controlled although local elites were allowed to run for public offices via elections at the sub-national level. For examples, campaign efforts across constituencies were prohibited; campaigning was limited to ten days; the qualifications for candidacy were constantly revised; election days were allowed unexpectedly; and no supra-party supervisory body was permitted.⁵⁷ In addition, the KMT limited electoral offices, such as the county magistrates, city mayors and *hsiang*-townships executives, to two terms of office in order to prevent a monopolisation of local political and economic privileges by any faction through the public offices.⁵⁸

Fifth, the KMT preserved the institutional power to control local factions. Since the KMT controlled the power of institutional creation, the party could revise and modify the existing electoral regulations, such as change of electoral constituencies and campaign policies, to its favours. Besides, to some extent, local factions' capability to mobilise support from local societies was based on their illegal activities such as vote-buying and gift-giving, especially in rural areas

where personal affiliations are emphasised and candidates depend on less their images or policy issues. Usually, local factions' illegal campaigns were accepted by the KMT if they maintained co-operation with the KMT. However, the KMT could enforce its control over local factions through the judiciary once local factions infringed the KMT's interests.⁸⁹

Finally, the KMT arranged its party-cultivated candidates instead of factional members to run election campaigns in order to remove local factions from their influence, i.e. their public offices. In reality, the KMT's goals and ideology had been in conflict with local factions from the beginning. Local factions had little concern with the KMT's aim of retaking the mainland and completing national construction, nor the KMT's basic party tenets. Rather, they were chiefly interested in only short-term gains in the local units and had no ideological centre. Local factions could rise up and undermine the political foundation of the KMT party-state once the KMT's authoritarian control declines. For these reasons, the KMT attempted to reduce the overall power of local factions after its ruling capability was fully established in Taiwan.

The KMT's establishment of its control over local factions was built not only upon political coercion, but also economic pacification. In order to consolidate its clientelist ties with local factions, the KMT offered abundant economic privileges to those factions which were willing to co-operate with the regime. As Chu Yun-han stated, "ruling elites in authoritarian states often reward their political followers with economic privileges in order to gain their loyalty and maintain the ruling coalition. The KMT used to take advantage of the party-state apparatus to generate abundant economic privileges, so that the regime could exchange those economic spoils for political allegiance with local factions. The regime patronage system served as the fundamental mechanism

to maintain the KMT's alliances with local factions during the period of authoritarian rule.⁶⁰

The economic privileges granted by the KMT to local factions include: local monopolistic businesses such as banks, credit unions, farmers' associations, fishermen's associations and public transportation; special loans from provincial banks; procurements from provincial and local government agencies, other economic benefits bestowed by the government through its exercise of authority as in favourable zoning laws or public construction projects as well as public utility for land speculation; and the use of governmental authority to protect certain illegal underground economic activities such as dance clubs and casinos.⁶¹ Table shows 4.3 regional monopolistic business granted to local factions by the KMT regime

Table 4.3 The Regional Monopolistic Businesses of Local Factions

Local Factions' Monopolistic Business	Number of Factions	Percentage (%)
Co-operative Banks	60	67.4
Credit Unions	52	58.4
Non-Credit Unions	42	47.2
Farmers Associations' Credit Departments	50	56.2
Fishermen's Associations' Credit Departments	7	7.8
Bus Companies	18	20.2
Owning at least one of the above	81	91.0

The total number of investigated local factions is 89

Source:

Chen Ming-tung and Chu Yun-hua, "Ch'u-yu-hsing tien-ho tu-chan ching-chi, ti tang-p' ai-hai yu shen-i yuan huan chu i-hsiang shen-i yuan hui-huan-jen pei-ching tau-tiao fen-hui" (Regional United and Monopolised Economy,

The KMT used a variety of state-allocated benefits at different administrative levels to co-opt local factions in county-city and *hsiang*-township areas. Factions at the *hsian*-township level were allowed to develop a parasitic relationship with farmers' associations. Immediately after 1947 land reforms, farmers associations were established in each of Taiwan's 309 townships to provide various services to the local farming community. Following the KMT's reforms of farmer associations in 1952, farmers were compelled to join farmers' associations in their districts. Although the percentage of the Taiwanese population working in the agricultural sector had gradually declined (from 52.4 per cent in 1952) with Taiwan's industrialisation,⁶² the farmers' associations still remain powerful.

An important aspect of all farmers' associations which helps strengthen the relationship between the association and the local community is its extension programmes (one of the designated commissions of farmers' associations). The extension programmes help educate farmer-members about up-to-date farming techniques, resource preservation, daily living (housing, marketing), and agricultural research which are important in the agrarian sector where literacy and knowledge of modern cultivation methods tend to be lower than in more urbanised areas. The extension work promotes productivity, but also strengthens the communication networks between the farmers' associations and the farmers, and therefore between local factions and the farmers as well.⁶³ Through the organisational network of farmers associations, local factions found it convenient to manage their relationships with, and to mobilise support from, the local community.

What is more, farmers' associations have a great deal of economic power within the agrarian sector. Each farmers' association contains a credit department which provides loans and financial assistance to the farmer-members. Research by Wang Cheng-huan and Shen Kuo-ping reveals that the total savings of the credit departments of 309 farmers' associations was \$23 billions in 1991, and the surplus was \$0.24 billions in the same year.⁶⁴ Due to the huge savings and business surplus, farmers' associations have considerable economic influence. More importantly, certain national regulations concerning loans do not apply to the credit departments of the farmers' associations.⁶⁵ The credit departments become private banks for many local factions which take advantage of the credit departments to buy support from their followers. For example, rewarding their clients, such as vote brokers, by overvaluing mortgages.⁶⁶

Based on its strong organisational strength and economic influence, farmers' associations have a remarkable capability to mobilise support for election campaigns and to maintain the development of local factions. They have become the most influential civic groups.⁶⁷ Local factions often compete for the support of farmers' associations. Electoral competition for farmers' associations is no less intense than that for the executives of *hsiang*-townships. Excessive factionalism for control of the farmers' associations sometimes causes serious economic disorder in *hsiang*-townships since the opposition faction often mobilises their farmer-member supporters to withdraw their savings from the credit department in order to damage the political credit of their rival faction in power.⁶⁸

Factions at the county-city level were granted with ownership of natural monopolistic businesses by the KMT, e.g. public transportation systems and credit co-operative banks. The KMT also set aside some positions in the local administrative system for local factions at city-county level to feed their political networks. The most important example is the Urban Planning Committee established in each county or city government to plan land use and urban development policies. These committees are chaired by the executives of county or city governments who also have the power to appoint members of those committees. On the one hand, the committee has become the key machine to enable local factions to accumulate the abundant interests and resources necessary to sustain their political networks. On the other hand, the committee is a powerful instrument of the KMT in cultivating and controlling local factions.⁶⁶

Furthermore, the grant system was used by the KMT to nurture its clientelist ties with local factions. In Taiwan, the tax structure was highly centralised. The tax revenue received by the national government was much greater than that collected by the lower levels of government, i.e. the provincial government and especially the county-city and *hsiang*-township administrations. This gap in the ability of high and lower levels of government to independently finance their budgets resulted in the grant system, which facilitates the transfer of money from high levels of government to lower levels, for the purpose of fulfilling budgetary demands, implementing social welfare improvements, initiating construction projects, or providing other services within the local area.⁷⁰

As the lower government levels are highly dependent upon the national government to balance their own budgets, the grant system therefore became a favourable and important way for the KMT party-state to maintain its clientelist ties with local factions. The KMT often took advantages of ruling

authority to influence the allocation of greater amounts of grant money to its own client factions in the local administrations. As long as the KMT is able to maintain its strong financial base, local factions will continue to support the KMT.⁷¹

While examining the KMT's patronage system, the role of the high level of party ownership of the Taiwanese economy on KMT factional politics cannot be neglected. Taiwan is viewed by the developmental state authors (such as Alice H. Amsden, Frederic C. Deyo, Chalmers Johnson and Robert Wade) as a successful industrialising country where skilled and relatively insulated economic policymakers promoted capitalist economic development through market-conforming intervention and public-private cooperation. By exercising direct and indirect influence on the level of profit and investment, the state can modify, enhance, or create competitiveness.⁷²

The developmental state approach explicitly characterises Taiwan as a country that possess a highly elaborate, resourceful, and centralised administrative apparatus for effectively implementing national planning priorities and administering direct and indirect control over the industrialisation process.⁷³ Taiwan is said to be able to assert an independent national development interest "as it acquires the political ability to resist the penetration by special interests, to circumscribe the autonomy of economic actors with multi-faced mediated control, and to establish the subordination of labour through direct control over organised labour."⁷⁴

Taiwan's economy is also characterised by its unique political economic structure, i.e. the KMT party's enterprises own a great many assets in the country. Taiwan has been ruled by a party-state that owns outright or directly controls huge portions of the nation's economic assets. According to research

by Karl J. Fields, estimates of these state and party holdings range as high as 50% of all company assets, with annual turnover earnings of up to 30% of Taiwan's GNP.⁷⁵ Yet the remarkable development of the KMT party-owned enterprises (*kuomintang tangyingshiye*) is the product of particular historical and ideological factors in Taiwan.

As discussed in Chapter Three, the KMT in many ways remains decidedly Leninist in its democratic centralism within the party and its organisational parallelism between the party and state. The KMT adopted an authoritarian corporatist approach to dominate society. Private social organisations were either restricted or penetrated by party cells. Moreover, the KMT also controlled the state through party organs located in administrative units at all levels of government and by party commissars positioned in military units. Under such circumstances, little distinction was made between party and state interests during the KMT authoritarian years. The national treasury was the party's treasury, and the existence and development of party-owned enterprises coincided with state-owned enterprises.⁷⁶

Historically, a disastrous relationship with private capital played a contributory role in the KMT's loss of control on the mainland. The regime learnt from that lesson after it arrived on Taiwan in 1949. Besides, the KMT's attempt to dominate the subethnic Taiwanese majority also drove it to concentrate economic resources in its own hands. The KMT founder Sun Yat-sen's principle of "People's Livelihood" called for limits on the private concentration of capital and the equalisation of land tenure, but endorsed neither the ideological means (class struggle) nor ends (utopian communism) of Leninist socialism.⁷⁷ After the KMT moved to Taiwan, it drew on Sun's vague prescriptions to justify both its restrictions on the scope and scale of private industry, and its maintenance and promotion of substantial state- and party-owned enterprises.

Since 1949, the KMT government has insisted that enterprises directly related to national defence secrets, enterprises with monopoly or oligopoly power, and large-scale enterprises related to public utilities and risky investment beyond the reach of private capital must be run by the government.⁷⁸ When the KMT took over Taiwan from the Japanese in 1945, it inherited all the assets and enterprises previously owned by both the Japanese colonial government and the private Japanese conglomerates. Moreover, the defeated KMT brought with it from the mainland several enterprises that it resurrected on Taiwan under its own auspices. Furthermore, many new industries, particularly in the financial and strategic development sectors were established as state- or party-owned enterprises.⁷⁹

The KMT strongly supports state enterprises with economic policies. In the 1950s and 1960s, 10-20 per cent of the annual financial expenses of the government went on funds for state-owned enterprises. The percentage increased to 20-30 per cent in the 1970s and 1980s. The state-owned enterprises also received preferential loans from banks based on the government's policy. Moreover, the KMT government's policies directly created monopoly positions for state enterprises. For example, Taiwan's military industry, transportation, postal services, electrical power, oil, copper and aluminium etc. have all been operated completely by state enterprises. Furthermore, the KMT raised the prices of governmentally monopolised products (such as cigarettes, alcohol, chemical fertilizer and oil), so as to create favorable conditions for state enterprises.⁸⁰

In terms of ownership, organisation and incentive mechanisms, the KMT party enterprises have the same characteristics as state enterprises. In fact, the party enterprises have enjoyed more government nepotism than the state

enterprises. Historically, Taiwan's military and governmental offices purchased everything from medicine and gunpowder to cement and air conditioners exclusively from party-owned enterprises. Many strategic and lucrative sectors of the financial industry, especially the insurance, trust and securities markets were also reserved for party-owned enterprises.⁸¹ In the ten great construction projects in the 1970s and the six-year national construction project in the 1990s, the KMT party's enterprises received considerable special privileges during the bidding for projects, based on their favourable positions.⁸²

Before the 1960s, party-owned enterprises did not capture the attention of the public because of their small number and lack of influence. With the KMT's purposed development over time since the 1960s, party-owned enterprises expanded dramatically in terms of both scope and scale. Although the advance of democratic rules has forced the KMT to separate itself from the state, and give up most of the sheltered privileges and rents enjoyed by many of its firms, the party has successfully reorganised the party-owned enterprises as private firms beyond the inspection and control of both the public and the opposition.

The KMT manages its interests in its invested firms through several holding companies owned outright by the party and directly controlled by the KMT's Central Finance Committee (CFC). The 1991 book value of the party's assets in its registered corporations ranged from NT\$ 112 billion (\$ 4.5 billion) to NT\$ 500 billion (\$ 20 billion) according to different investigation reports.⁸³ Two of the seven holding companies, the Central Investment Company and the Kuanghua Investment Company are capitalised by huge amounts of re-invested capital. The re-investments cover a wide range of companies involved in finance, investment, oil-chemistry, electronics, electrical machinery, cement, steel, construction, medicine, environmental protection, textiles, paper,

communications etc. The total assets of firms invested in by the party were valued in 1993 at some NT\$ 900 billion (\$ 36 billion) although the degree over which the KMT exercises control of these firms varies.⁸⁴ The KMT party's enterprises have become Taiwan's largest private business conglomerates in terms of assets in annual rankings and the sixth largest in terms of sales in present-day Taiwan.

The astonishing economic strength of party enterprises allows the KMT to be self-sufficient without depending on the national treasury or the business community. The KMT is well-capable of funding salaries, pensions and other benefits for some 4,000 full-time party employees as well as 1,000 retired party cadres, which are estimated to cost the KMT about \$ 200 million each year.⁸⁵ Also, the KMT is able to fund increasingly costly political campaigns, which are highly personal and outrageously expensive. Most importantly, the KMT's party-owned enterprises do more than simply perform the role of profit-seeking enterprises. They also have performed a variety of functions but providing patronage outlets is one of them (the others include: profit sources, propaganda organs, developmental agents, market regulators, and diplomatic envoys).⁸⁶

Because the KMT was a transplanted minority regime, it used its party enterprise resources to gain support from mainlander officials and other party personnel who remained loyal to the KMT. Those who served well were provided with employment opportunities and generous retirement pensions. Similarly, the KMT reserved a number of employment opportunities within party-owned firms exclusively for retired soldiers/ military personnel (about over a million) who moved to Taiwan in the 1940s with the KMT, so as to constrain potential social unrest and entice loyalty from those mainlander veterans, whose electoral support is the so-called "iron vote."

While using the economic strength generated from its party-owned enterprises to retain strong relationships with its mainlander clients, the KMT also utilized its party enterprises to nurture patron-client relationships with private Taiwanese enterprises and local factions. Governmental monopoly licenses have been lucrative cash cows that the party has been able to disburse to local private enterprises in exchange for political support. The KMT has also been using its profitable party-owned construction projects and other types of contracts and sinecures within party-owned enterprises to reward local faction leaders, whose political support has been playing an important role in helping the KMT's continued electoral strength in Taiwan's local units.⁸⁷

In general, the KMT's alliance relations with local factions were constituted upon both political and economic clientelism and, to some extent, the latter strengthens the former. Relying on an abundance of political and economic resources, the KMT was able to consolidate its rule by ensuring a coalition with local factions through the patronage system. Local party committees have played a key role in the relationships between Chiang Kai-shek first, and then Chiang Ching-kuo, and their political clients, i.e. local factions. Local factions directly served only the supreme leader. No top aides could develop a personal clientelist relationship with local elites without the endorsement of the supreme leader. Attempts of other KMT ruling elites and mainlander factions to connect with local factions were proscribed.⁸⁸

4.4 Conclusion

Although the KMT had long found it convenient to maintain its governance by cultivating and combining relations with local factions, the KMT's alliance

relations with local factions was the most fragile sector of the KMT's ruling structure.⁸⁰ Compared with KMT mainlander factions, local factions enjoyed a high degree of autonomy. Although the landscape of national politics was dominated by the mainlanders, their influence depended on the will and decisions of the regime's supreme patrons. They had neither independent power base outside the party-state hierarchy nor any monopolistic economic resources. Also, they found it difficult to establish their own political base through elections as a result of their lack of affiliations to local society.

By contrast, the political positions of local factions were not endorsed by the supreme patron. Local factions were not a "branch" of the KMT but separate, powerful organisations bound by familial and social ties. They had been politically autonomous based on their organisational networks in local society. They were very capable of mobilising local support. The influence of local factions came from below rather than above. Although the KMT could use its political forces and economic resources to control local factions, it was unable to remove them all from the political stage. Once the KMT's political strength declined or the power of local factions enhanced, local factions could easily cease their co-operation with, and become political competitors of, the KMT regime.

Furthermore, sub-ethnic cleavages between Taiwanese and mainlanders in the post-war Taiwan drove the KMT to ally with local factions for its legitimacy. In reality, the KMT's ruling foundation was based on its alliances with local factions through electoral clientelism. Local factions acted as political brokers to channel local support to the KMT. Local factions rather than the KMT itself were in daily political contact with local communities. This prevented the KMT from merging with local society. Likewise, it indirectly increased local factions' strength in their political leverages against the KMT. Under such circumstance,

local factions were able to bargain with the KMT to gain more political and economic privileges based on its organisational influence in local society if the KMT's political dominance was undermined.

With political and economic changes in the 1970s and 1980s, the KMT gradually lost its political dominance. On the one hand, the opposition, i.e. *Tang-wai* group, successfully broke through the KMT's blockade and emerged on to Taiwan's political stage. On the other hand, the power of local factions also increased after they gained momentous capital strength as a result of Taiwan's rapid economic growth and urbanisation. Meanwhile, the KMT's large-scale attempts to reduce the overall power of local factions fractured its alliance relations with local factions which later turned to the *Tang-wai* group to challenge the KMT. The strategic alliance between local factions and the opposition gradually weakened the regime's authoritarian control.

The question of how the change of the alliance relationships between the KMT and local factions contributed to Taiwan's democratic transition is discussed in the next chapter.

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³ Chao Yung-mao, *T'ai-wan ti-fang p'ai-hsi yu ti-fang chen-she te kuan-hsi* [The Relationship

between Local Factions and Construction in Taiwan] (Kao-hsiung: Te-hsin-shih ch'u-pan-she, 1978), 57-58.

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⁵ Bernard Gallin, *Hsin Hsing, Taiwan: A Chinese Village in Change* (Berkeley: University of California Press, 1966); Bruce Jacobs, *Local Politics in A Rural Chinese Cultural Setting: A Field Study of Mazu Township, Taiwan* (Canberra: Australia National University, 1980).

⁶ Chu Yun-han, "Kua-chan ching-chi yu wei-chuan cheng-chi ti-chih." [Monopolised Economy and Authoritarian Political System] in Hsiao Hsin-huang (eds.), *Lung-tuan yu pao-hsueh: wei-chuan chu-i te cheng-chi ching-chi fen-hsi* [The Analysis of Authoritarian Politics and Economy] (Taipei: Taiwan Studies Foundation, 1989); Wu Nai-the, "The Politics of a Regime Patronage System: Mobilisation and Control within an Authoritarian Regime," PhD. thesis, University of Chicago, 1987.

⁷ Ibid.

⁸ Tsai Ming-hui and Chang Mao-kuei, op. cit., 128.

⁹ Chao Yung-mao, *T'ai-wan ti-fang cheng-chih chih pien-ch'ien yu t'e-chih* [The Change and Characteristics of Taiwan's Local Politics] (Taipei: Hen-lu Book Co., Ltd., 1997), 239-240

¹⁰ Tsai Ming-hui and Chang Mao-kuei, op. cit., 125-156.

¹¹ Joseph Bosco, "Taiwan Factions: Guanxi, Patronage, and the State in Local Politics," *Ethnology* vol. 31 (1992): 157-183.

¹² Lee Hsiao-feng, *T'ai-wan chan-hou ch'u-ch'i te ming-i-tai-piao* [The Representatives in the Post-War Taiwan] (Taipei: Tzu-li tsao-pao, 1986), 126-132; quoted in Hsieh Chih-te, "I-lan-hsien p'ai-hsi cheng-chih chi-yen-chiu," [The Study of Local Factions in I-lan] MA. Diss., National Chengchih University, ROC., 1996, 36.

¹³ Chu Yun-han, *Crafting Democracy in Taiwan* (Taipei: Institute for National Policy Research, 1992), 27.

¹⁴ Bruce J. Dickson, "The Kuomintang before Democratisation: Organisational Change and Constancy," in Tien Hung-mao (ed.), *Taiwan's Electoral Politics and Democratic Transition: Riding the Third Wave* (New York: M.E. Sharp, Inc., 1996), 47.

- ¹⁵ Wakabayashi Masatake, *T'ai-wan: feng-lieh-kuo-chia yu min-chu-hua* [Taiwan: Divided Country and Democratisation] trans. Hsu Pei-hsien and Hung Ching-chu (Taipei: Yueh-tan ch'u-pan yu-hsien-kung-szu, 1994), 135-136.
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- ²³ Ibid., 180.
- ²⁴ Chao Yung-mao, *T'ai-wan ti-fang cheng-chih chih pien-ch'ien yu t'e-chih* [The Change and Characteristics of Taiwan's Local Politics], op. cit., 174-177.
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- ²⁸ Ibid., 25.
- ²⁹ Ibid., 190.

³⁰ Tien Hung-mao and Chu Yun-han, "Building Democracy in Taiwan," *The China Quarterly* vol. 148 (1996): 1149.

³¹ Chao Yung-mao, *T'ai-wan ti-fang p'ai-hsi yu ti-fang chen-she te kuan-hsi* [The Relationship between Local Factions and Construction in Taiwan], op. cit., 120-139.

³² Chao Yung-mao, *T'ai-wan ti-fang cheng-chih chih pien-ch'ien yu t'e-chih* [The Change and Characteristics of Taiwan's Local Politics], op. cit., 174-177.

³³ Chao Yung-mao, *T'ai-wan ti-fang p'ai-hsi yu ti-fang chen-she te kuan-hsi* [The Relationship between Local Factions and Construction in Taiwan], op. cit., 151.

³⁴ Chang Kun-shan and Huang Cheng-hsiung (eds.), *Ti-fang-p'ai-hsi yu t'ai-wan cheng-chih* [Local Factions and Taiwanese Politics] (Taipei: The United News Company, 1996), preface.

³⁵ Huang The-fu, "Modernisation, Electoral Competition, and Local Factions: An Analysis of 1992 Legislative Yuan Elections," *Electoral Study* (May 1994): 75-91; quoted in Wang Chen-shiuen, "Faction Politics in Taiwan: A Perspective on Patron-Client Theory," (Ph.D. thesis, University of Kansas, 1996), 39.

³⁶ Huang Teh-fu, "Electoral Competition and Democratic Transition in the Republic of China," *Issues and Studies* (October 1991): 101-104.

³⁷ Ibid.

³⁸ Ibid.

³⁹ Qingshan Tan, Peter Kien-hong Yu, and Wen-chun Chen, "Local Politics in Taiwan: Democratic Consolidation," *Asian Survey* (May 1996): 485.

⁴⁰ Chao Yung-mao, *T'ai-wan ti-fang cheng-chih chih pien-ch'ien yu t'e-chih* [The Change and Characteristics of Taiwan's Local Politics], op. cit., 215-218.

⁴¹ Chen Ming-tung and Chu Yun-han, "Ch'u-yu-hsing lien-ho tu-chan ching-chi, ti-fang-p'ai-hsi yu shen-i-yuan hsuan-chu: i-hsiang shen-i-yuan hou-hsuan-jen pei-ching tsu-liao fen-hsi," [Regional United and Monopolised Economy, Local factions, and Elections to Provincial Assemblymen: The Analysis on the Background Information of Candidates to Provincial Assemblymen Elections] *Journal of National Scientific Committee: Humanity and Social Science* vol. 2 (1992): 85.

⁴² Huang Teh-fu, "Electoral Competition and Democratic Transition in the Republic of China," *Issues and Studies* (October 1991): 104.

⁴³ Wu Nai-teh, "The Politics of a Regime Patronage System: Mobilisation and Control within an Authoritarian Regime," PhD. thesis, University of Chicago, 1987.

⁴⁴ Chen Ming-tang, "Local Factions and Elections in Taiwan's Democratisation," in Tien Hung-mao (ed.), op. cit., 182.

⁴⁵ Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan] op. cit., 150-152; Chu Yun-han, *Crafting Democracy in Taiwan*, op. cit., 28.

⁴⁶ Hermann Halbeisen and Peter Ferdinand, "Domestic Political Change," in Ferdinand, Peter (ed.), *Take-off for Taiwan?* (London: The Royal Institute of International Affairs, 1996), 5.

⁴⁷ Wakabayashi Masatake, op. cit., 102.

⁴⁸ Ibid., 38.

⁴⁹ Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan], op. cit., 171.

⁵⁰ Wakabayashi Masatake, op. cit., 37-38.

⁵¹ Chu Yun-han, *Crafting Democracy in Taiwan*, op. cit., 28.

⁵² Chen Ming-tung and Chu Yun-han, op. cit.

⁵³ Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan], op. cit., 152.

⁵⁴ Wang Chen-shiuen, op. cit., 272.

⁵⁵ Chu Yun-han, *Crafting Democracy in Taiwan*, op. cit., 27.

⁵⁶ Bruce J. Dickson, op. cit., 48.

⁵⁷ Cheng Tun-jen, op. cit., 479.

⁵⁸ Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan], op. cit., 153-154.

⁵⁹ Ibid., 177-178.

⁶⁰ Chu Yun-han, "Kua-chan ching-chi yu wei-chuan cheng-chi ti-chih," [Monopolised Economy

and Authoritarian Political System], op. cit., 139.

⁶¹ Ibid., 151-152.

⁶² Wang Chen-shiuen, op. cit., 60.

⁶³ Ibid., 65-66.

⁶⁴ Wang Cheng-huan and Shen Kuo-ping, "Ti-fang-p'ai-hsi, fan-tui-shih-li yu ti-fang-cheng-chih te chuan-hsing: kao-hsiung-hsien ke-an yen-chiu," [The Transition of Local Factions, Opposition Forces, and Local Politics: The Case Study of Kao-hsiung] *Tung-hai Journal* vol. 6 (July 1995): 13.

⁶⁵ Shiau Chyuan-Jeng, "Elections and the Changing State-Business Relationship," in Tien Hung-mao (ed.), op. cit., 217.

⁶⁶ Wang Chen-shiuen, op. cit., 67.

⁶⁷ Shih Wei-chuan, op. cit., 119.

⁶⁸ Chao Yung-mao, *T'ai-wan ti-fang cheng-chih chih pien-ch'ien yu t'e-chih* [The Change and Characteristics of Taiwan's Local Politics], op. cit., 352.

⁶⁹ Shiau Chyuan-Jeng, op. cit., 217.

⁷⁰ Wang Chen-shiuen, op. cit., 227-228.

⁷¹ Ibid.

⁷² Alice H. Amsden, "Why Isn't the Whole World Experimenting with the East Asian Model to Develop?: Review of *The East Asian Miracle*," *World Development* vol. 22 (1994): 627-633; Alice H. Amsden, *Asia's Next Giant: South Korea and Late Industrialisation* (Oxford: Oxford University Press, 1989); Frederic C. Deyo, (ed.) *The Political Economy of the New Asian Industrialism* (Ithaca: Cornell University Press, 1987); Chalmers Johnson, *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925-1975* (Stanford: Stanford University Press, 1982); Chalmers Johnson, *Japan: Who Governs? The Rise of the Developmental State* (New York: Norton, 1995); Robert Wade, *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialisation* (Princeton, N.J.: Princeton University Press, 1990).

⁷³ Ibid.

⁷⁴ Chu Yun-han, *Crafting Democracy in Taiwan*, op. cit., 130.

⁷⁵ Karl J. Fields, "KMT, Inc.: Party Capitalism in a Development State," (Japan: Japan Policy Research Institute, 1998), 1, photocopied.

⁷⁶ Ibid., 2.

⁷⁷ Ibid.

⁷⁸ Dianqing Xu, "The KMT Party's Enterprises in Taiwan," *Modern Asian Studies* vol. 31 (1997): 401.

⁷⁹ Karl J. Fields, op. cit., 3.

⁸⁰ Dianqing Xu, op. cit., 402-403.

⁸¹ Karl J. Fields, op. cit., 5.

⁸² Dianqing Xu, op. cit., 406.

⁸³ Hsu Jui-hsi, *Cheng-shang kuan-hsi chieh-tu* [The Analysis of State-Business Relationship] (Taipei: Yuan-liu ch'u-pan-she, 1992), 69.

⁸⁴ *Chung-kuo shih-pao* [China Times] (Taipei), 20 September 1993.

⁸⁵ Karl J. Fields, op. cit., 2.

⁸⁶ Ibid., 4-6.

⁸⁷ Ibid., 5.

⁸⁸ Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan], op. cit., 167.

⁸⁹ Ibid., 190.

CHAPTER 5

The Change in KMT-Local Factions Alliance Relations and Taiwan's Democratic Transition

A patron-client relationship is a vertical alliance based on a voluntary agreement between two persons or parties of unequal status, power, or resources, with each finding it useful to have as an ally someone inferior or superior to himself with whom to exchange favours.¹ As the maintenance of the alliance depends on the willingness of both allies to maintain it, the relationship will change if one side finds that the importance of the other for his interests declines. In the view of the client, the alliance relationship is most likely to change when the patron's rewards cannot satisfy the client; when the client can find another patron to gain the needs he requires; when the strength of the client becomes strong enough to designate services from the patron; and when the client finds that the patron's rewards are no longer useful to him.²

As mentioned in the previous chapter, there were two major structural problems involved in the KMT's clientelist alliances with local factions. Unlike the KMT mainland factions and ruling elites, local factions were able to act independently based on their capability to mobilise support in local society through traditional networks. The KMT's long-term use of local factions to channel electoral support from local factions also prevented the KMT from merging with local society, and thus further deepened the KMT's reliance on

local factions. For these reasons, the alliance relationships between the KMT and local factions were most likely to change once the KMT's political dominance declined or the potency of local factions increased.

Another problem surrounding the KMT-local factions alliance structure concerns the relations between factions. Due to the KMT's strategy of bi-factionalism which involves cultivating at least two competing factions in each district at the same time and its use of the nomination power to alternate elected posts between factions, competition between KMT factions in the same district was intensified. Sometimes, conflict was too intense to be controlled by the KMT. In order to compete for KMT tickets to run for public offices, especially under the single-member electoral contests, as with county magistrates, local factions tended to be rather non-ideological. The loser often retaliated by failing to campaign vigorously for the party's nominees or actually supporting the opposition's candidates. Excessive factionalism provided the political opposition with an opportunity to increase its influence via elections.³

With the political and socio-economic political changes of the 1970s, the two above-mentioned structural problems were enlarged. On the one hand, Taiwan's economic growth in the 1960s boosted the economic strength of local factions based on their regional monopolistic businesses granted by the KMT. On the other hand, the rise of the political opposition, i.e. the Tang-wai group, complicated the clientelist alliance relations between the KMT and local factions. The KMT's attempt to remove the influence of local factions in the 1970s drove the factions to support the opposition in elections for public offices. Afterwards, the growth potential of the opposition steadily increased from the late 1970s and finally broke through the KMT's authoritarian rule.

This chapter examines the process of Taiwan's transition toward political democracy by investigating the change of political alliance relations between the KMT and local factions. It first addresses Taiwan's political changes in the 1970s. Next, it discusses the KMT's response to those changes and the consequent outcomes. It then analyses the conflict between the KMT and local factions and the rise of the political opposition. Finally, it studies the process of strategic interaction between the opposition and the KMT and how that interaction moved Taiwan toward democracy.

5.1 Taiwan's Political Changes in the 1970s

According to Wang Cheng-huan, support from the United States instead of efforts at home allowed the KMT to escape liberation by the People's Liberation Army (PLA) in the 1950s. First, the United States stationed its Seventh Fleet to prevent an invasion from the mainland, concluded a mutual defence treaty with Taiwan, and provided Taiwan with more than US\$ 2.5 billions of military aid between 1950 and 1974. Moreover, the United States helped the KMT to implement land and agricultural reforms and develop Taiwan's industrial infrastructure. The US government also provided a huge outlet market for Taiwan's exports and offered Taiwan more than US\$ 1.5 billions of economic aid between 1950 and 1965.⁴

Furthermore, the United States strongly supported Taiwan's representation in international organisations, especially the United Nations (UN). American political support indirectly confirmed the KMT's alleged claim that it was still the government of the whole of China and endorsed the KMT's power based on "temporary provisions" entrusted by "national emergency" rather than the Constitution. In reality, the United States' strong military, economic, and political

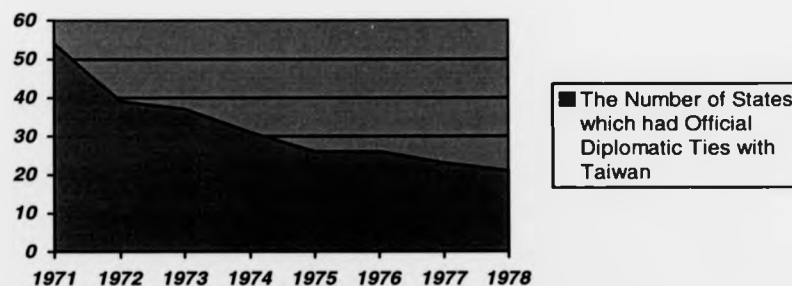
support in the 1950s and 1960s provided the necessary resources for the KMT's legitimisation at home. From this viewpoint, the United States' assistance was indispensable for the establishment of the KMT's ruling authority over Taiwan.⁵

Admittedly, US support for the KMT was based on America's own political interests. While the KMT regime gradually lost its dominance and control on the Chinese mainland to the communists, Washington kept a distance from the KMT. However, the eruption of the 1950 Korean War drove Washington to re-construct an alliance relationship with the KMT in an attempt to incorporate Taiwan into its global defence system to block the expansion of communist forces. The Vietnam War in the 1960s further strengthened the ties between Taiwan and the USA. However, demands from the Americans to end the Vietnam War and the consistent changes in the international political environment finally led to the transformation of Washington's Asian policy.

After Nixon was sworn in as US President in January 1969, realistic concerns replaced idealistic policy. Nixon called for negotiation instead of confrontation in Washington's relations with Beijing.⁶ This revealed the evidence of the new détente between the two governments. Meanwhile, border military tension between China and the former Soviet Union in March 1969 impelled China to re-instate its relations with the West especially the USA. The relationship between the USA and China began to move forward after Mao Tse-tung invited Nixon to visit Beijing in December 1970. Political harmonisation between the two powers seriously degraded Taiwan's strategic importance for Washington. This was soon reflected in Washington relinquishing its political support for the KMT, causing Taiwan's loss of its representation in the UN in October 1971. Taiwan's UN membership was replaced by Communist China.

In February 1972, the USA concluded the Shanghai Communiqué with China when US President Nixon visited Beijing. In it, the USA acknowledged the PRC as the only legitimate government of China and Taiwan as a part of China. In the next year, a memorandum was signed between the USA and the PRC for the mutual establishment of liaison offices in their capitals. Subsequently, the USA withdrew its military consultants group from Taiwan. The Taiwan Resolution and US military aid were renounced as well. The international environment had rapidly turned hostile to Taiwan, and consequently Taiwan suffered serious diplomatic setbacks (Figure 5.1).⁷ Between 1971 and 1978, thirty-three nations, including most major western powers, switched diplomatic ties from Taiwan to China. Taiwan's diplomatic crisis reached a climax when Washington established official diplomatic relations with Beijing in December 1978.

Figure 5.1 Taiwan's Diplomatic Setbacks (1971-1978)



Sources:

Feng-yun-lun-tan ch'u-pan-she, "t'ou-shih wai-chiao nei-mu," [Look through the Inside Stories of Diplomacy] (Taipei: Feng-yun-lun-tan ch'u-pan-she, 1984), 77; quoted in Chang Tsan-he, *Liang-an kuan-hsi pien-ch'ien-shih* [The Dynamics of Taiwan-Mainland China Relations] (Taipei: Chou-chih wen-hua yu-hsien-kung-szu, 1996), 176.

On the other hand, Taiwan's economy began to experience dramatic growth from the 1960s. Between 1960 and 1980, Taiwan's gross national product increased at an annual rate of 9 per cent in real terms. Exports expanded at around 20 per cent a year and became the economy's leading sector. The industrial share of production increased from 25 to 45 per cent. Per capita GNP rose from US\$50 in 1952 to US\$ 6,045 in 1988. Income became more equitably distributed. The inflation rate in the 1960s was as low as 2 per cent.⁸

Rapid economic growth had liberalised social consequences. With the economy taking off, Taiwan displayed features common to a modernising capitalist society: the literacy rate increased, mass communication intensified, per capita income rose, and a differentiated urban sector, including labour, a professional middle class and an entrepreneurial business class, came into being. The newly emerged middle class demanded higher levels of political participation and democratic reforms and enhanced the opposition's ability to mobilise. Such new social forces are generally viewed as propitious for the advance of democratic norms.⁹ Most importantly, the newly emerged middle class intellectuals who came of age during the period of rapid economic growth became the main activists, demanding political change in Taiwan.

Like the leaders of the earlier democratic movement (led by several mainland liberal intellectuals and Taiwanese political elites) who had attempted unsuccessfully to push democratic ideas in the early 1950s, the leaders of the new democratic movement were educated elites reacting to ideas and institutions in western democratic countries and seeking to apply them at home. However, the new democratic elites were predominantly Taiwanese from the countryside. They had close ties with local society. The new democratic leaders also adopted political techniques, specific democratic procedures, institutional designs, and legal frameworks from the West. They

were better equipped with organisational skills and more likely to take political action.¹⁰

Taiwan's loss of its membership of the UN to Communist China and its severance of formal ties with many Western countries triggered the KMT's legitimacy crisis at home. First, the KMT's alleged claim that it was still the government of the whole of China was exposed to challenges. In the light of Taiwan's diplomatic setbacks, Taiwanese Christian Presbyterian churches published the "Declaration and Suggestions on the State Affairs by the Christian Presbyterian Churches" on 29 December 1971. In the declaration, the Church claimed that Taiwanese objected to living under the rule of a communist regime and also rejected all decisions made by any government without consideration of the rights and interests of the residents of Taiwan. The declaration also claimed that all people have the right to decide their fate since human rights are bestowed by God.¹¹

The emergence of the self-determination concept was the most profound effect of the Church's declaration. No radical independent movement had ever gained predominant support from the Taiwanese. The self-determination concept, which demanded constitutional changes from the government, later became the mainstream idea of Taiwan's nationalist movement.¹² Soon, the self-determination movement developed vigorously abroad and at home. After leaders of the democratic movement entered the debate on Taiwan's future and called for self-determination to force the KMT to address the issue of democratisation, the democratic movement gradually merged with the nationalist movement.

Moreover, Taiwan's diplomatic setback triggered another wave of the democratic movement. While the initial reaction to the deteriorating external environment was patriotic, young intellectuals soon turned their attention to domestic society and politics. Leaders of the democratic movement acquired new conceptions of the role of politics in their lives and new goals for which they might strive.¹³ They questioned the structural deficiency of the KMT regime, especially over the issues of the competence and legitimacy of the "Long Parliament," i.e. the three branches of the National Congress (the National Assembly, the Legislative Yuan and the Control Yuan) that had not faced re-election since 1946 and had not made new room for Taiwanese.¹⁴

5.2 From Hard Authoritarianism to the Soft

The KMT regime responded to the legitimacy crisis and challenge from the new democratic movement by implementing further industrialisation and Taiwanisation measures after Chiang Ching-kuo was named the Premier in 1972. The KMT pursued further industrialisation and economic development in order to strengthen the confidence and support of local capitalists in the wake of the de-recognition setbacks. As a result, the KMT adopted measures to guide Taiwan's transition from light to heavy industrial development and implemented "Ten Projects on National Construction" to promote additional economic development.¹⁵ Also, agricultural policy was drastically altered and the rural sector was increasingly subsidised and protected.¹⁶

Taiwanisation was adopted in the 1950s, but change took place slowly and beneath the surface.¹⁷ After Chiang Ching-kuo became the Premier, Taiwanisation was vigorously implemented. It included two strategies. On the one hand, the KMT tried to integrate itself better with Taiwanese society. This

was because the issue of whether the KMT could govern Taiwan competently became much more important because of the legitimacy crisis of the 1970s. The legitimacy of the regime was modified to depend increasingly on its effective governance of Taiwan. What is more, the recruitment of more Taiwanese into the upper ranks of the KMT party-state could steadily enhance the role of Taiwanese, so as to raise their common stake in the regime's fortunes.¹⁸

First, the KMT actively recruited Taiwanese members, which was visible in the changing composition of the party. The percentage of Taiwanese KMT members increased from 39.40 per cent in 1969 to 61.03 per cent in 1980 and 69.16 per cent in 1992 (Table 5.1).

Table 5.1 Taiwanese Membership of the KMT (1969-1992)

Year	Taiwanese Percentage (%)	Mainlander Percentage (%)
1969	39.4	60.6
1972	46.16	53.84
1975	52.82	47.13
1977	56.57	43.43
1980	61.03	38.94
1983	63.46	36.54
1986	65.87	34.13
1989	67.57	32.43
1992	69.16	30.84

Source: Huang Teh-fu, "Electoral Competition and the Evolution of the Kuomintang," *Issues and Studies* (May 1995): 104.

Second, the KMT significantly added more Taiwanese elites to its Central Standing Committee (CSC), the highest decision-making group of the party. Before Taiwanisation, only a few Taiwanese were positioned in the party's CSC. With Taiwanisation, the number of Taiwanese in the CSC steadily increased. The percentage of Taiwanese in the CSC was 9.52 per cent in 1969 (i.e. 2 out of 21), and reached 51.61 per cent in 1988, the year of Chiang Ching-kuo's death, and 69.7 per cent in 1997 (Table 5.2).

Table 5.2 Taiwanese Membership of the KMT Central Standing Committee
(1973-1997)

Congress	Date	Total Numbers	Number of Taiwanese	Percentage Taiwanese
8	1957.10.26	16	1	6.25
9	1963.11.23	16	2	12.5
10	1969.04.10	21	2	9.52
11	1976.11.19	22	5	22.73
12	1981.04.06	27	9	33.33
13	1988.07.13	31	16	51.61
14	1993.08.16	31	19	61.29
15	1997.08.24	33	23	69.70

Source: Date were provided by various KMT documents and newspaper sources.

Finally, the KMT also appointed more Taiwanese politicians to the Executive Yuan, the cabinet. Until 1972, only 4 ministerial posts had been occupied by Taiwanese. After Chiang Ching-kuo became the Premier, 8 Taiwanese were appointed to the Executive Yuan. The number of Taiwanese in the cabinet remained the same during the premiership of Sun Yun-hsuan. In the term of office of Premier Yu Kuo-hua, 12 Taiwanese received ministerial posts, or 34.29 per cent. Since Lee Teng-hui came to power in 1988, the percentage of Taiwanese in the Executive Yuan has remained steady at over 40 per cent (Table 5.3).

Table 5.3 Taiwanese Membership of ROC Cabinet (1950-1997)

Tenure	Premier	Total Number of Cabinet Members	Number of Taiwanese	Percentage Taiwanese
1950/03 - 1954/06	Chen Cheng	20	1	5.00
1954/06 - 1958/07	Yu Hung-chun	19	1	5.26
1958/07 - 1963/12	Chen Cheng	26	2	7.69
1963/12 - 1972/06	Yen Chia-kan	36	4	11.11
1972/06 - 1978/06	Chiang Ching-kuo	26	8	30.77
1978/06 - 1984/06	Sun Yun-hsuan	29	8	27.59
1984/06 - 1989/05	Yu Kuo-hua	35	12	34.29
1989/05 - 1990/05	Lee Huan	20	9	45.00
1990/05 - 1993/02	Hao Pal-tsun	21	10	47.62
1993/03 - 1997/09	Lien Chan	25	11	40.00
1997/09 -	Hsiao Wan-chang	23	10	43.48

Source: Huang Teh-fu, "Elections and the Evolution of the Kuomintang," in Tien Hung-mao (ed.), *Taiwan's Electoral Politics and Democratic Transition: Riding the Third Wave* (New York: M.E. Sharp, Inc., 1996), 116. Data for Cabinet formed in September 1997 through April 1998 was provided by various newspaper sources.

Note: All statistics include the Premier

On the other hand, the KMT relied on the legitimising function of electoral contests. In addition to holding local elections, the KMT extended limited electoral participation to replenish the aged members of the legislative branches of the central government. The KMT looked to the institutionalisation of supplementary elections for national representatives to moderate the criticism of the Long Parliament made by the political opposition. Moreover, the KMT anticipated popular elections as an additional important basis for making closer ties with local society and Taiwanese elites in order to strengthen the legitimacy of the regime.¹⁹

A limited opening of national representative bodies was first instituted in 1972. This elevation of the electoral level marked the beginning of a new era in Taiwan's political development. The number of the supplementary members to the legislative branches of the central government has steadily increased ever since. The electoral opening was expanded in 1980 and again in 1989. However, the number of members elected through supplementary elections for national representatives did not exceed the number of senior delegates, who were elected in 1946, in the National Congress until the complete re-election of the three branches of the National Congress in 1991 and 1992.

Unfortunately, the KMT's policies of further industrialisation and Taiwanisation did not diminish its crisis of legitimacy. The KMT's pursuit of further economic development enlarged the politically aware strata of society despite closer integration with major capitalists. More and more people demanded

accelerated political and economic liberalisation, and even used collective protests to express preferences, claim rights and protect interests. The KMT's further industrialisation also eroded the legitimacy of its authoritarian rule.²⁰

More importantly, the extending of only limited participation in national elections had profound implications for the process of democratisation. Under authoritarian rule, elections served as a primary mechanism for the KMT to enforce its governance in Taiwan. Elections differentiated Taiwan from the communist regime on the mainland; they provided avenues for political participants, diluting Taiwanese discontent with the mainland regime; they averted radicalisation of the anti-KMT forces; co-opted local elites and incorporated existing local patron-client networks into the KMT party-state, enabling the KMT to legitimise itself and exert more effective social control through the election-derived linkages; and such political alliances between the KMT and local elites constrained the growth potential of the opposition movements.²¹

The electoral mechanism was the most fragile segment of the KMT's authoritarian control, however. It became a critical machine moving Taiwan toward democracy. The opening of representative bodies to electoral competition, though limited, significantly enlarged both the scope and intensity of election politics. It provided the political opposition with opportunities to organise and mobilise mass support for democratic reforms, even under restrictions. The opposition's increasing gains of electoral support eventually impelled the KMT to recognise it as a political force. Afterwards, the KMT began to take account of the views of the opposition in policy-making on important political issues. Such circumstance accelerated the KMT's weakening authoritarianism.²²

At the same time, the KMT's opening of national representative bodies from 1972 brought about a change of local politics. Elections in, and of themselves helped to shape the power structure at the local level. First, elections increasingly became the only institution that could allocate political power legitimately with the softening of the KMT's authoritarian control. Facing recurring electoral challenges, local factions successfully transformed themselves from traditional clientelist networks, and expanded to incorporate more secondary associations and regional business concerns, especially in the rapidly urbanised areas. Such development enabled local factions to deliver votes as effectively as they had previously.²³ Since electoral success could bring with it instant social prestige and great economic gains, more and more faction-based candidates were drawn into elections. The making of new room for Taiwanese allowed local factions gradually to move to the national level.

Moreover, the influence of local factions increased with Taiwan's rapid economic growth between the 1960s and the 1980s. Through their regionally monopolistic economic privileges granted by the KMT, local factions developed into modern political and economic complexes, existing in the form of clientelist structures in the local units that the KMT no longer found easy to control. An ever-expanding economy also made both the cost and stake of elections ever greater for local factions. As more and more social and economic resources were mobilised into the electoral process, elections became more important for local elites to find their self-identity. Increasingly, local factions urged the KMT to create electoral opening at higher levels.²⁴

Furthermore, with the KMT's electoral opening at the national level, the election-based KMT elites (most but not all of them were affiliated with local factions) quickly found themselves in the same boat with the opposition. Since expanded electoral avenues and the elevated political significance of national

representatives bodies could advance the political interests of local factions, local factions increasingly tended to favour democratic reforms in the second half of 1980s.²⁵ The tacit alliance between the opposition and local factions over the issues of democratic reforms significantly contributed to a democratic outcome because it forced the KMT's national elite to answer the call for democracy from within their own party, especially from those who actually could secure continuous electoral success for the party.²⁶

Meanwhile, the increasing importance of electoral institutions as a means of KMT legitimisation pushed the opposition activists more and more to join elections. The limited opening of national bodies for electoral contests provided fertile ground for the formation of an islandwide coalition among the independent opposition candidates with national aims.²⁷ In particular, rapid socio-economic changes helped the opposition, which found more and more potential supporters among the electorate of the newly emerged middle class.²⁸ The opposition began to expand campaigning and other political activities from local election districts to a nationwide network of political alliances as it gathered momentum.²⁹ The rise of the opposition led to the change of Taiwan's political landscape and complicated the relationships between the KMT and local factions.

Although the KMT's Taiwanisation, the recruitment of more Taiwanese into the KMT's ruling society, and the implementation of supplementary elections for national representative bodies all temporarily reduced the pressure from the political reform movement, there was no intention to change the basic power structure of the KMT party-state. In reality, these reforms were used to expand Chiang Ching-kuo's clientelist networks to Taiwanese elites; consolidate his power base and leadership; and restore the KMT's ruling legitimacy. Martial Law remained in place; the Long Parliament did not face complete re-election; the

forming of new political parties was still constrained; fully competing in national elections was restricted; and strongman politics continued. Taiwan still had far to go toward democracy, but Taiwan's politics was moving from hard authoritarianism to the soft.³⁰

5.3 The KMT's Faction Replacement Policy

While Taiwanisation was being vigorously implemented, political alliance relations between the KMT and local factions began to change. The initial reasons for the KMT establishing ties with local factions were linked to the KMT's needs in governance. Because the KMT was an émigré regime lacking grassroots support in Taiwan, it had to rely on the help of local factions to develop support from the bottom up. Through state patronage and party favours, and especially the implementation of elections, the KMT institutionalised its connections with local factions. This helped the KMT to win the strong majority necessary to rule Taiwan legitimately.

However, the KMT's goal and ideology had been in conflict with local factions from the beginning. Local factions had little concern with the KMT's retaking the mainland and completing national construction, nor with party tenets. Local factions accrued their own political power and had their own loyal followers, forming other clientelist ties through their abundant economic resources and political influence seized from public offices. Such a situation was inauspicious for the KMT's governance since excessive expansion of local factions could restrict the party's control and undermine its ruling base in Taiwan if the KMT's political dominance declined.³¹

Once local factions penetrated the KMT party-state apparatus, the party's ideology, i.e. all-China emphasis, would have been replaced and the political privileges of most KMT mainlanders ruling elites would have been damaged.³² For these reasons, the KMT began to uproot local factions once it felt able to stand on its own in Taiwan. This was faction replacement, a part of Chiang Ching-kuo's Taiwanisation.³³ Since local executive offices were the primary institutions for local factions to develop their political and economic influence, the KMT decided to cultivate and support its own candidates to run for those offices in order to remove the influence of local factions.

After Chiang Ching-kuo came to power in 1972, the KMT's central office started increasing its involvement in nominating candidates for local public offices and supervising election strategy, both tasks being handled previously by local party committees. The process of selecting nominees and planning election strategy became more centralised.³⁴ The party's centralisation of candidate nomination and election strategy planning weakened the position of local factions which had little direct leverage over decisions made at the centre of the KMT.³⁵ Besides, the KMT began to arrange for its own cultivated candidates to receive the party's nomination, rather than being simply supported by local factions.

The KMT's attempts to arrange its own party-cultivated candidates to occupy local executive offices was revealed as early as in the end of the 1960s. In the 1968 elections for city mayors and county magistrates, the KMT nominated for the first time 3 party-cultivated candidates. They were all elected, which was quite an encouragement to the KMT. In 1972, the KMT nominated 12 party cadres to run for the posts of county magistrates and city mayors. The number of factional candidates was reduced from 16 to 8. This time, all the KMT-nominated candidates gained electoral successes. This led the

KMT to initiate large-scale attempts to reduce the overall power of local factions by nominating 17 party candidates in 20 constituencies to compete for local executive offices in 1977.³⁶

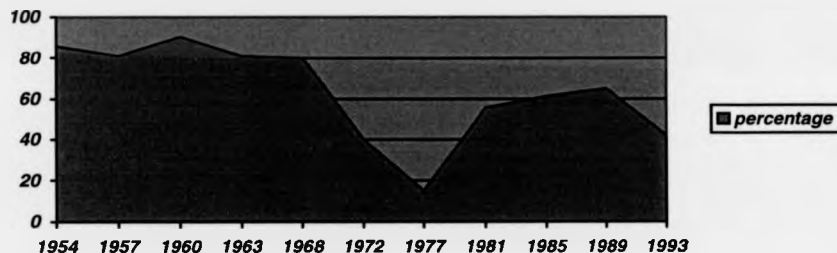
The KMT's attempts to do so aroused great resentment from local factions, causing the breach of the KMT's political alliances structure with local factions. Local factions retaliated by supporting opposition candidates to run in the campaigns for city-county executives and Taiwan provincial assemblymen. In the two 1977 elections, the KMT lost 4 (out of the 23) seats in the local executive offices and 21 (out of the 77) seats in the Taiwan Provincial Assembly to the opposition.³⁷ By contrast, the opposition won one-quarter of the posts for city and county chiefs, and 30 per cent of the Taiwan Provincial Assembly seats.³⁸ This contributed to the rise of the political opposition and created a situation of strategic interaction between the opposition and the KMT.³⁹

In addition, the opposition candidate Hsu Hsin-liang and his supporters demonstrated against alleged vote fraud by the KMT in Chungli, the military area of Taoyuan long considered as a KMT stronghold. This was the first large anti-government demonstration since 28 February 1947.⁴⁰ As can be seen from Figure 5.2, the 1977 election results were the worst ever for the KMT. After the election, Lee Huan resigned from his party offices, and as head of the Central Organisation Department, director of Revolutionary Practice Institute and director of the National Salvation Anti-Communist Youths Corps (NSAYC), as an acceptance of responsibility for the party's electoral losses and the mass rioting.

In the light of these electoral setbacks, the KMT slowed down the pace of its fight with local factions. Its attempts to legitimise its repression against the rising opposition through electoral successes made it especially necessary for the KMT to restore its alliance relations with local factions.⁴¹ In the 1981 and 1985

city mayor and county magistrate elections, the number of KMT faction-based nominees exceeded that of non-factional nominees. The ratio of factional nominees to non-factional nominees was 10:9 in the 1981 election and 11:7 in 1985.⁴² However, the number of the faction-based nominees in the KMT could have never been as great as before.

Figure 5.2 The Percentage Vote for KMT Candidates at
Local Executive Elections (1954-1993)



Sources:

Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan] (Taipei: Yueh-tan ch'u-pan yu-hsien-kung-szu, 1995), 225.

In June 1984, Chiang Ching-kuo appointed Kung Chung as the Chair of the KMT's Provincial Committee. Kung introduced a system of election primaries to reduce the power of local factions. Before the institution of the primary system, three-quarters of the KMT's vote was channelled through the support of local factions. The KMT only directly controlled a quarter of the vote. However, the implementation of the primary system could encourage local factions to bring

their members into the party if they wanted to win nominations. Once factional members were incorporated into the party structure, the KMT could direct them through its control of political and economic privileges. By then, the KMT was able to take over the power of local factions.⁴³

Under the primary election system, the KMT nominated many non-factional candidates in the 1989 elections for national legislators, provincial assemblymen, and local executives. Again, Kung Chung's attempt to eliminate the power of local factions through the institutionalisation of the primary system generated hostility from local factions which retaliated by co-operating with opposition candidates. Coinciding with a strong backlash from local factions and competition from the newly established opposition party, the Democratic Progressive Party (DPP), founded in September 1986, the KMT lost 7 local executive seats, 21 Legislative Yuan seats, and fifteen Provincial Assembly seats.⁴⁴

After these unprecedented setbacks, the primary election system was replaced by a nomination system based on opinions of party members and evaluation by the party cadres.⁴⁵ Kung Chung was also forced to accept responsibility by resigning from his posts as the Deputy Secretary-General and Chair of the Central Organisation Department. This indicated the weakness of the KMT's capacity to reduce the power of local factions. For this reason, the KMT further deepened its alliance ties with local factions, especially after elections became increasingly important to distribute political power with political democratisation.

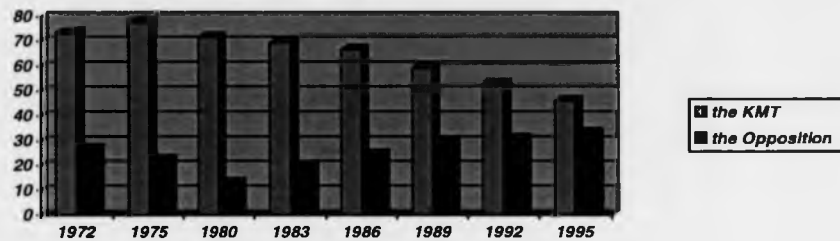
5.4 The Rise of Political Opposition

The 1977 elections were very significant for Taiwan's political development. Before the election, the opposition had never obtained enough political momentum to challenge the KMT's central authority, so that it was unable to bargain for political reforms. At that time, the KMT also showed no willingness to initiate democratic reforms because it had received no salient challenges from people outside the party. Through the support of local factions, which retaliated against the KMT as a result of the party's faction replacement policy, the opposition scored their first electoral victory in 1977.

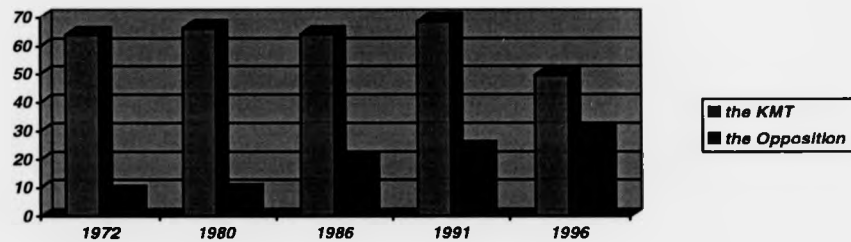
Since the 1977 elections, the opposition has increasingly exercised influence on both local and national politics. According to elections for national legislators, the opposition/ DPP's total electoral gain rose from a mere 13 per cent in 1980 to 29.2 per cent in 1989. By contrast, the KMT's superiority in electoral contests has steadily decreased. The total popular vote received by the KMT candidates steadily declined from 71.7 per cent of total electoral turnout in 1980 to 59.22 per cent in 1989. In due course, the KMT was no longer able to constrain the opposition from participating and competing in local elections and, with limitations, in national elections.⁴⁶ Figure 5.3 shows the changing KMT and opposition electoral support in elections at various levels between 1954 and 1993.

Figure 5.3 The Percentage Change of the Popular Vote for the KMT and the Opposition/ DPP at Elections (1972-1997)

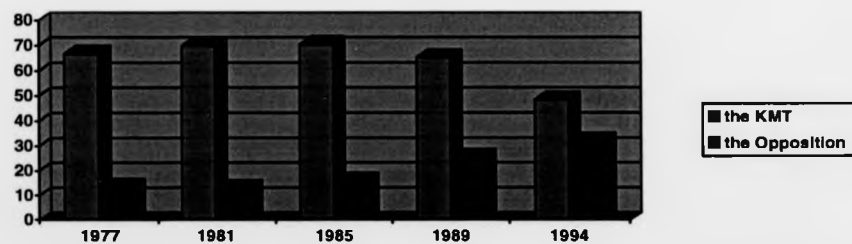
National Legislators



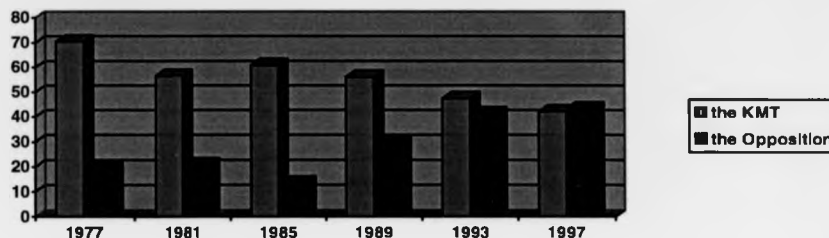
National Assemblymen



Provincial Assemblymen



Magistrates/Mayors



Sources:

1. Central Election Commission, the Executive Yuan, ROC.
2. Data for 1997 Local Executives Election are provided by various newspapers sources.

The opposition's victory in the 1977 elections stimulated an expansion of the democratic movement. On the eve of the aborted 1978 election for supplementary national representatives, the opposition formed the Taiwan Tang-wai Campaign Group, taking collective action to support opposition candidates. They demanded political democratisation, called for a complete re-election of national representative bodies of the central government, and supported Taiwanese self-determination. This was the first time that the self-determination concept had appeared in the opposition's manifestos.⁴⁷

In the view of opposition leaders, the KMT's one-China principle had provided the ideological justification for the political monopoly of mainlanders for many years. Therefore, the opposition explicitly linked the goal of democratisation to the issue of Taiwanese identity and the principle of self-determination. The KMT's long-cherished one-China principle became the target of direct attacks by the opposition.⁴⁸ As Hu Fu and Chu Yun-han state, this was an effective counterstrategy to the KMT's all-class appeal since this latent sub-ethnic cleavage cuts across the socio-economic cleavage. Furthermore, this was also an issue capable of uniting the Tang-wai members of

different interests and ideals under a common cause.⁴⁹

With Washington's withdrawal of official recognition from Taipei in late 1978, the KMT announced the indefinite suspension of the planned national elections. This decision spurred the opposition to escalate its efforts to mobilise mass support. The opposition intensified its campaigns for democracy and human rights. Mass rallies and political agitation in 1979 continued to generate tension between the opposition and the KMT (when it was dominated by the hard-liners of the party). In December of the same year, the escalation of the conflict of street demonstrations culminated in the Kaohsiung Incident where most of the leaders of the radical faction within the opposition were jailed.⁵⁰

After the Kaohsiung Incident, the KMT expanded its opening of elections for national representative bodies in response to the United States' recognition of China. In addition, the KMT began to normalise the political process by enacting electoral laws to equip the independence of the election committee, and initiating dialogue with the opposition although the KMT maintained various constraints on the activities of the opposition. The KMT's efforts to achieve political normalisation helped the opposition to enter the existing political arenas.⁵¹ Meanwhile, the strength of the opposition was increased by its discovery of overseas resources. In 1982, four opposition leaders were invited by the US State Department as a team to visit the US Congress. This trip "enhanced the opposition's visibility, cemented ties with overseas Taiwanese organisations, and highlighted the issues of democratisation in Taiwan-US relations."⁵²

In 1983, the opposition established the Association for Public Policy (APP), aimed at functioning as an electoral machinery and policy research body. It also formed islandwide local branches, which were seen as an infrastructure for a political opposition party in the future. This was proposed as an alternate to a

new political party, which the KMT explicitly forbade. The APP allowed discussion and also had certain organisational authority to bind opposition members' actions. In addition, it equipped the opposition with a better capability to accumulate knowledge in substantive policy areas, thus contributing greatly to the opposition's negotiations with the performance-oriented KMT.⁵³

The formation and expansion of the APP became the major focus of conflict between the opposition and the KMT. In order to avoid possible crackdown by the KMT, the opposition accepted the KMT's invitation to negotiate over the procedures and restrictions to be imposed on the APP. However, the KMT permitted the APP to have only two local branches. This decision resulted in the collapse of negotiations.⁵⁴ Afterwards, the opposition announced its specific demands for democracy and its determination to establish a party despite the stern warning from the government of its resolve to enforce the legal ban on forming new political parties. While threatening a crackdown, the KMT did not actually take any punitive action.

Meanwhile, the KMT was internally befuddled by various speculations about political succession to the ailing Chiang Ching-kuo and by a financial scandal involving the Tenth Credit Company that forced the resignations of the minister of economical affairs, minister of finance, and the KMT's secretary-general. In addition, the KMT's involvement in the killing of several Chinese-Americans by Taiwan's security apparatus weakened its support in the American overseas community and invited unwanted publicity and pressures from the US Congress after several American congressmen such as Solarz and Leach held various congressional hearings to drive Taipei toward democracy.⁵⁵ These events led to the increased public criticism of the government and drove the regime to initiate political system change to respond to public demands.

Social movements and collective protests also hastened the collapse of the KMT authoritarianism. Under authoritarian rule, the autonomy of "civil society" had been curbed by the dominance of the KMT regime. From the mid-1980s, "civil society" began to free itself from the KMT's grasp, as shown in the rise of a variety of social movements, pressing for civil rights and social justice. Political demonstrations and rallies, the labour movement, the student movement, and women's movement were important examples. The number of protests rose from 175 in 1983 to 335 in 1986, and to 1,172 in 1988.⁵⁶ This revealed that the KMT rule was no longer unchallengeable by the general public.

Furthermore, during the 1980s further developments in East Asia and on the mainland helped to make Taiwan's democratisation politically acceptable. The peaceful victory of Mrs. Aquino over President Ferdinand Marcos in the Philippines in February 1986 had made an impressive demonstration of "people power" for Taiwanese people and also had a major influence on the thinking of KMT leaders at that time. Besides, China's turning from Maoist extremism to Deng Xiao-ping's pragmatic economic reforms, which reduced the apparent threats of invasion and allowed a relaxation of KMT control on the opposition, also played a role in facilitating the KMT's political opening-up in the late 1980s.⁵⁷

In June 1986 Chiang Ching-kuo appointed a study group of twelve CSC members after the KMT's Twelfth Central Committee to suggest reform measures. That task force proposed the following reforms: (1) holding large-scale supplementary elections for national representative bodies, (2) legalising the formation of civic associations, (3) simplifying national security laws, (4) strengthening public order, (5) institutionalising local government, and (6) instituting other party reforms.⁵⁸ During the KMT's serious study of

democratisation, leaders of the political opposition announced the establishment of a new political party, the DPP, on 28 September 1986. Instead of suppression, the KMT reacted by lifting martial law on 15 July 1987 and announcing its decision to remove the ban on political association, including parties.⁵⁹

As Huang points out, the establishment of the DPP signified the certain decline of the KMT's dominance over Taiwan. The lifting of martial law and other political bans indicated the end of authoritarian rule.⁶⁰ In the 1986 December elections for national representatives to the National Assembly and the Legislative Yuan, the KMT and the DPP competed as the two principal parties, and the KMT acted as an ordinary party in an emerging two-party system.⁶¹ The KMT subsequently accelerated other aspects of democratisation despite the death of Chiang Ching-kuo in January 1988.

Between 1988 and 1990, the Meeting and Parade and Civic Association Laws were passed; the Public Officials Election and Recall Law was revised; and the Law on the Voluntary Retirement of Senior Parliamentarians was approved.⁶² Subsequently, the Temporary Provisions were abolished in May 1991 and complete re-elections for national representative bodies of the central government were implemented in late 1991 and 1992. Furthermore, the executives of Taiwan Province, Taipei City, and Kaohsiung City were subject to direct popular elections in late 1994. Democratisation reached a climax when the first direct popular election for the President was held in March 1996, which put a conclusive end to the process of democratic transition.⁶³

In addition to the breach of the clientelist alliance relations between the KMT and local factions, internal debates over the scope and speed of political liberalisation between the KMT's hard-liners and soft-liners were another crucial

factor that contributed to the rise of the opposition.⁶⁴ The former group included party cadres in the military and internal security apparatus who were concerned about the potential social disorder accompanying political change. This group was led by Wang Shen, the head of the Department of Political Warfare. The latter comprised younger cadres centred on the KMT Department of Organisation and new Taiwanese recruits to the party. It was led by Lee Huan, the head of the Central Organisation Department. The soft-liners were more responsive to demands from the opposition and the public for political changes.⁶⁵

Research by Cheng Tun-jen and Stephan Haggard shows that the affinity between the opposition and soft-liners within the KMT has been a key to Taiwan's democratic transition, although substantial tensions between the opposition and the KMT had surfaced during the transition period.⁶⁶ After the December 1979 Kaohsiung Incident, KMT soft-liners who lost their influence temporarily after the 1977 elections, re-gained their power. Wang Shen and his hard-line viewpoint were removed from the inner circle of the KMT with Chiang Ching-kuo's decision to send Wang into exile in 1984 in the face of Wang's political ambitions to succeed him as leader and the growing power of his political warfare system. Chiang Ching-kuo's doings further strengthened the power of the KMT soft-liners group.

The decline of the hard-liners within the KMT shifted the dominant mode of interaction between the KMT and the opposition toward implicit negotiation. Subsequently, informal negotiation between the KMT and the opposition resumed.⁶⁷ By co-ordinating mass movements on the streets, opposition in the Legislative Yuan, political dialogue, and overseas support (notably from the US Congress), the opposition gradually compelled the KMT to open up national politics.⁶⁸ At the same time, the opposition's subtle setting of the negotiation

agenda by entering the debate on Taiwan's future and calling for self-determination further forced the KMT to address issues of democratisation.⁶⁹ The continuous process of strategic interaction and bargaining between the KMT and the opposition finally moved Taiwan's politics toward democracy.⁷⁰

5.5 Conclusion

In retrospect, the political opposition's electoral success in the 1977 elections was considerably noteworthy for Taiwan's democratic development. Before 1977, the opposition had not accumulated enough strength and resources to challenge the KMT. On the other hand, the KMT's stable clientelist alliances with local factions prevented the KMT from receiving strong pressure from below, so that it had made no attempt to initiate democratic reforms. Although the KMT took several political as well as economic projects to respond to Taiwan's diplomatic setbacks in the 1970s, the regime was still based on "temporary provisions" justified by the "national emergency" rather than the Constitution; the Long Parliament was not subject to complete re-election; and the numerous restraints on opposition activity were not lifted. The KMT's authoritarian power structure thus remained unchanged.

Elections served as the most significant mechanism that contributed to Taiwan's democratic transition. However, it is important to remember that, in addition to the legal ban on forming new political parties and the restrictive campaign and electoral laws that prohibit candidates from forming coordinated campaign efforts across different electoral districts, there were some institutional barriers set by the KMT in order to constrain the emergence of an opposition party through elections.

First, the election system was structured to discourage co-operation among candidates. Under a system of multi-seat districts and the non-transferable vote rule for members to legislatures at various levels, candidates of the same party have to divide up popular votes among themselves. Because the opposition had only little material resources and organisational capability, it was difficult for the opposition to create a coordinating mechanism and authority to distribute votes among its candidates. Most opposition candidates pursued a vote-maximising strategy without due consideration for maximising the seats for the party as a whole.⁷¹

In contrast, the KMT could effectively play the balancing and coordinating role among party-nominated candidates with its enormous resources and organisational endowment. Three factors contributed to the KMT's superior vote-equalising capacity: strong central authority in coordinating the vote mobilisation strategy among party nominees, the practice of vote-buying by local factions, and the existence of a large number of strong partisan identifiers (so-called iron votes, accounted for on average close to 10 per cent of the popular vote) including loyal mainland party members, state employees, veterans and military personnel, and their family members.⁷²

In other words, the KMT enjoyed considerable organisational advantage in maximising the seat/ vote ratio under the system of multi-seat districts and the non-transferable vote rule. For KMT candidates, the party coordinated the distribution of electoral gains to make sure that each party-endorsed candidate received roughly the same amount of electoral votes. However, the opposition's weakness in balancing and coordinating among its candidates degraded its achievement in the taking of elected seats. The discrepancy between the popular vote and the seats of the opposition in elections was evident.⁷³

Moreover, the opposition's ability to mobilise discontented electorate was confined as a result of local political structures. In election campaigns, opposition candidates faced challenges from KMT-nominated local politicians rather than the national KMT leadership. Normally, these KMT local politicians had amassed abundant financial resources, extensive patron-client networks in the local community, and well-run vote-getting machines.⁷⁴ A national political label in itself carries very limited additional votes for opposition candidates in the campaign process of local orientation. Under such circumstances, the opposition could hardly emerge through elections especially local elections. On the contrary, it amplified competitive advantages for most KMT candidates.

Despite all the aforementioned obstacles, the opposition had gradually made inroads in the electoral competition since their meager start in the 1977 elections. This created a situation of strategic interaction between the opposition and the regime. However, the opposition's electoral victory in 1977 owed more to the support of local factions than its own efforts. The KMT's attempts to reduce the power of local factions indirectly drove those factions to retaliate against KMT central authority by supporting opposition candidates. Subsequently, the opposition's voting support steadily increased. This development generated a certain pressure for the KMT whose dominance in Taiwan was gradually declining at that time.

Meanwhile, the rise of the opposition highlighted the inherent problems of KMT-local factions clientelist alliances structure. With political and socio-economic changes, local factions successfully transformed themselves from traditional clientelist networks to new organisational structures incorporating more secondary associations and regional business groups that the KMT could no longer control effectively. The newly emerged opposition became an

alternative coalition partner for local factions in competing political privileges. The opposition also sought strategic alliances with local factions to gain influence in national and local politics. Furthermore, the rise of the opposition deepened the KMT's reliance on local factions, which became the common agents with which both the KMT and the opposition attempted to ally.

In addition to the fracture of the KMT's alliance relations with local factions, internal political debates between hard-liners and soft-liners within the KMT also contributed to the emergence of the opposition. By subtly setting the agenda, using extralegal methods, shifting bargaining arenas, and strategically affiliating with KMT soft-liners, the opposition eventually pushed the ruling KMT to address issues of democratic reforms. The establishment of the DPP was another milestone of Taiwan's democratic development. In late 1986, Chiang Ching-kuo named a study group to suggest reform measures, signalling the beginning of Taiwan's democratisation.

With democratic transition, the KMT's political dominance gradually declined. The weakening of its dominance accelerated after the death of Chiang Ching-kuo in early 1988. Political changes and the power transition resulted in the disorder of the KMT's leadership. With a broad power realignment, the KMT divided into the mainstream and non-mainstream factions. Intra-KMT factionalism caused several problems of political management in the party and central government. Factional contentions focused especially on the party's mainland policy due to the high political sensitivity of the policy.

In addition, the KMT strengthened its patron-client relations with local factions in order to maintain its traditional dominance. The KMT also promoted the Six-Year National Development Plan to restore its dominant role in

economic development and rebuild its close links with Taiwanese capitalists.⁷⁵ However, the increased dependence on local factions and capitalists, that soon moved to national politics and expanded dramatically following the collapse of authoritarian rule, directly contributed to money politics in Taiwan. Studies of the KMT's factionalism and the development of local factions in the post-Chiang Ching-kuo era follow in the next two chapters.

¹ Carl H. Lande, "The Dyadic Basis of Clientelism," in Steffen W. Schmidt, Laura Guasti, Carl H. Lande, and James C. Scott (eds.), *Friends, Fellows and Factions* (Berkeley: University California Press, 1977), xx.

² James C. Scott, "Patron-Client politics and Political Change in Southeast Asia," in Steffen W. Schmidt, Laura Guasti, Carl H. Lande and James C. Scott (eds.), *op. cit.*, 93-94.

³ Wang Cheng-huan and Shen Kuo-ping, "Ti-fang-p'ai-hsi, fan-tui-shih-li yu ti-fang-cheng-chih te chuan-hsing: kao-hsiung-hsien ke-an yen-chiu," [The Transition of Local Factions, Opposition Forces, and Local Politics: The Case Study of Kaohsiung] *Tung-hai Journal* vol. 36 (July 1995): 5.

⁴ Wang Cheng-huan, "Tai-wan te cheng-chih-chuan-hsin yu fan-tui-yun-tung," [Taiwan's Political Transition and Opposition Movement] *Journal of Taiwanese Social Research* vol. 2 (1989, Spring): 39-40.

⁵ *Ibid.*, 80-89.

⁶ Roderick MacFarquhar (ed.), *Sino-American Relations: 1949-1971* (London: Royal Institute of International Affairs, 1972), 246; quoted in Chang Tsan-he, *Liang-an kuan-hsi pien-ch'ien-shih* [The Dynamics of Taiwan-Mainland China Relations] (Taipei: Chou-chih wen-hua yu-hsien-kung-szu), 166.

⁷ Feng-yun-lun-tan ch'u-pan-she, "t'ou-shih wai-chiao nei-mu," [Look through the Inside

Stories of Diplomacy] (Taipei: Feng-yun-lun-tan ch'u-pan-she, 1984), 77; quoted in Chang Tsan-he, op. cit., 176.

⁸ Cheng Tun-jen and Stephan Haggard (eds.), *Political Change in Taiwan*. (Boulder, USA: Lynne Rinner Publishers, Inc., 1992), 8; Tien Hung-mao, "Transformation of an Authoritarian Party State: Taiwan's Development Experience," in Cheng Tun-jen and Stephan Haggard (eds.), op. cit., 35.

⁹ Huang Teh-fu, "Elections and the Evolution of the Kuomintang," in Tien Hung-mao (ed.), *Taiwan's Electoral Politics and Democratic Transition: Riding the Third Wave*. (New York: M.E. Sharp, Inc., 1996), 108; Cheng Tun-jen and Stephan Haggard (eds.), op. cit., 8.

¹⁰ Cheng Tun-jen, "Democratising the Quasi-Leninist Regime in Taiwan," in *World Politics* vol. 41 (July 1989): 483.

¹¹ Chang Tsan-he, op. cit., 225-227.

¹² Ibid., 235.

¹³ Cheng Tun-jen, op. cit., 484.

¹⁴ Ibid.

¹⁵ Huang Teh-fu, "Electoral Competition and Democratic Transition in the Republic of China," *Issues and Studies* (October 1991): 109.

¹⁶ Cheng Tun-jen, op. cit., 484.

¹⁷ Ibid., 484-485; Peter Ferdinand (ed.), *Take-off for Taiwan?* (London: The Royal Institute of International Affairs, 1996), 7; Tien Hung-mao, "Transformation of an Authoritarian Party State: Taiwan's Development Experience," op. cit., 35; Wang Cheng-huan, *Shei t'ung-chih t'ai-wan: ch'uan-hsing-chung te kuo-chia chi-ch'i yu chuan-li-chieh-kou* [Who Governs Taiwan? National Apparatus and Power Structure in Transition] (Taipei: Chu-liu Book Co., Ltd., 1996), 61.

¹⁸ Tien Hung-mao, "Transformation of an Authoritarian Party State: Taiwan's Development Experience," op. cit., 40.

¹⁹ Cheng Tun-jen, op. cit., 484-485.

²⁰ Huang Teh-fu, "Electoral Competition and Democratic Transition in the Republic of China,"

op. cit., 109.

²¹ Cheng Tun-jen, op. cit., 478. See also Tien Hung-mao, "Taiwan's Electoral Policy and Democratic Transition," in Tien Hung-mao (ed.), op. cit., 8.

²² Huang Teh-fu, "Elections and the Evolution of the Kuomintang," op. cit., 111-112.

²³ Hu Fu and Chu Yun-han, "T'ai-wan te hsuan-chu chin-cheng yu cheng-chih ming-chu-hua," [Taiwan's Electoral Competition and Political Democratisation] in Cheng Tun-jen and Stephan Haggard (eds.), op. cit., 179.

²⁴ Ibid., 179-180.

²⁵ Chu Yun-han, *Crafting Democracy in Taiwan* (Taipei: Institute for National Policy Research, 1992), 36.

²⁶ Ibid., 96.

²⁷ Hu Fu and Chu Yun-han, op. cit., 180.

²⁸ Ibid.

²⁹ Tien Hung-mao, "Taiwan's Electoral Policy and Democratic Transition," op. cit., 10.

³⁰ Cheng Tun-jen and Stephan Haggard (eds.), op. cit., 26.

³¹ Chen Ming-tung, "Local Factions and Elections in Taiwan's Democratisation," in Tien Hung-mao (ed.), op. cit., 177-180.

³² Ibid.

³³ Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan] (Taipei: Yueh-tan ch'u-pan yu-hsien-kung-szu, 1995), 184.

³⁴ Bruce J. Dickson, "The Kuomintang before Democratisation: Organisational Change and Constancy," in Tien Hung-mao (ed.), op. cit. 50.

³⁵ Ibid., 60.

³⁶ Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan], op. cit., 182-185.

³⁷ Chen Ming-tung, "Local Factions and Elections in Taiwan's Democratisation," op. cit., 180.

³⁸ Cheng Tun-jen, op. cit., 486.

³⁹ Ibid., 490.

- ⁴⁰ Bruce Jacobs, J., "Taiwan 1978: Economic Successes, international Uncertainties," in *Asian Survey* (1979):20-29; quoted in Bruce J. Dickson, op. cit., 61.
- ⁴¹ Wang Cheng-huan, *Shei t'ung-chih t'ai-wan: ch'uan-hsing-chung te kuo-chia chi-ch'i yu chuan-li-chieh-kou* [Who Governs Taiwan? National Apparatus and Power Structure in Transition] op. cit., 67.
- ⁴² Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan] op. cit., 185.
- ⁴³ Ibid., 185-187.
- ⁴⁴ Chen Ming-tang, "Local Factions and Elections in Taiwan's Democratisation," op. cit., 182.
- ⁴⁵ Huang Teh-fu, "Elections and the Evolution of the Kuomintang," op. cit., 125.
- ⁴⁶ Ibid., 111.
- ⁴⁷ Chang Tsan-he, op. cit., 315.
- ⁴⁸ Hu Fu and Chu Yun-han, op. cit., 181.
- ⁴⁹ Ibid.; Lucian W. Pye, "Money Politics and Transitions to Democracy in East Asia," *Asian Survey* (March 1997): 223.
- ⁵⁰ Cheng Tun-jen, op. cit., 486.
- ⁵¹ Cheng Tun-jen and Stephan Haggard (eds.), op. cit., 13.
- ⁵² Ibid., 14.
- ⁵³ Ibid., 23.
- ⁵⁴ Cheng Tun-jen, op. cit., 489.
- ⁵⁵ Bruce J. Dickson, op. cit., 63; David Dean, "US Policy in a Time of Rapid Political Change on Taiwan," in Harvey J. Feldman (ed.) *Constitutional Reform and the Republic of China* (London: An East Gate Book, 1991), 51-52.
- ⁵⁶ Chang Mao-kuei, Chu Yun-han, Huang The-fu and Hsu Chung-li, *Minkuo ch'i shih nien tai t'ai-wan ti chu "Tzuli chiu chi" shih chih yen chiu* [A Study of "Self-Relief" Incidents in Taiwan during the 1970s] (Taipei: Research, Development, and Evaluation Commission, The Executive Yuan, ROC, 1991), 125; quoted in Huang Teh-fu, "Elections and the Evolution of the Kuomintang," op. cit., 112.

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- ⁵⁷ Hermann Halbeisen and Peter Ferdinand, op. cit., 8.
- ⁵⁸ Huang Teh-fu, "Elections and the Evolution of the Kuomintang," op. cit., 112.
- ⁵⁹ Cheng Tun-jen and Stephan Haggard (eds.), op. cit., 15.
- ⁶⁰ Huang Teh-fu, "Elections and the Evolution of the Kuomintang," op. cit., 111.
- ⁶¹ Cheng Tun-jen, op. cit., 490.
- ⁶² The Government Information Office, ROC., *The ROC Yearbook 1995* (Taipei: The Government Information Office, ROC., 1995).
- ⁶³ Tien Hung-mao and Chu Yun-han, "Building Democracy in Taiwan," *The China Quarterly* vol. 148 (1996): 1141.
- ⁶⁴ Cheng Tun-jen and Stephan Haggard (eds.), op. cit., 12.
- ⁶⁵ Peter R. Moody, Jr., *Political Change on Taiwan: A Study of Ruling Party Adaptability* (New York: Praeger Publishers, 1992), 118.
- ⁶⁶ Cheng Tun-jen and Stephan Haggard (eds.), op. cit., 4.
- ⁶⁷ Bruce J. Dickson, op. cit., 63.
- ⁶⁸ Cheng Tun-jen, op. cit., 493-494.
- ⁶⁹ Ibid., 493.
- ⁷⁰ Cheng Tun-jen and Stephan Haggard (eds.), op. cit., 12.
- ⁷¹ Tien Hung-mao and Chu Yun-han, op. cit., 1157.
- ⁷² Ibid.
- ⁷³ Chu Yun-han, op. cit., 56-57.
- ⁷⁴ Hu Fu and Chu Yun-han, op. cit., 182.
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CHAPTER 6

The KMT's Factionalism in the Post-Chiang Ching-kuo Era

In spring 1988, the KMT's paramount leader Chiang Ching-kuo died. This event had several far-reaching effects on Taiwan's political development. The power transition was embroiled in the process of political democratisation initiated from the mid-1980s. What is more, ideological differences and conflicting views about Taiwan's identity between KMT mainlanders conservatives and Taiwanese ruling elites, and the newly established democratic value system all intensified the conflict between KMT leaders in the post-Chiang Ching-kuo period. A broad realignment of various groups within the KMT separated into the mainstream and non-mainstream factions.

Both the mainstream and non-mainstream factions can be classified as factional cliques or tendencies according to the level of their institutionalisation. Although they were not totally unorganised, they were very ephemeral organisations. To identify the two factions by way of ideological difference alone is neither easy nor useful since ideological differences only partially explain the emergence of the two factions, which primarily represent a division between mainlanders and Taiwanese. Other important factors include age and area differences.¹ In general, the creation of the two factions was caused by conflict between KMT mainlanders and Taiwanese ruling elites, between new and old party elites, and between the party elites in urban and rural areas. In

terms of the motives for faction formation, which I outlined in Chapter Two, both the mainstream and non-mainstream factions are motivated by a combination of political ideology and spoils.

The mainstream faction consisted mainly of Taiwanese politicians in the representative bodies, the party's central committee and the government, and a number of mainlanders who co-operated with Lee Teng-hui to secure their political interests. By contrast, the non-mainstream faction comprised both Taiwanese and mainland politicians in the party, government, and representative bodies whose political interests and influence were jeopardised by the rise of the mainstream and Lee Teng-hui's political programmes.²

This chapter begins with a discussion of the causes of the KMT's factionalism in the post-Chiang Ching-kuo era. Then, attention turns to the development of the factionalism between the mainstream and non-mainstream factions. The development of intra-KMT factionalism in relation to the party's mainland policy is also analysed in order to highlight the characteristics of the intra-KMT power struggle.

6.1 The Causes of Post-Chiang Ching-kuo Factionalism

The origins of KMT mainstream and non-mainstream factions can be traced to two major factors: the Taiwanese-mainlander rift and the closely related national identity issues, and political changes, i.e. the liberalisation of the party and the KMT's power transition.

The Taiwanese-mainlander Rift and National Identity Issues. For most of the imperial era, Taiwanese culture and language were viewed as barbarous by those who lived on the North-Central Chinese mainland. The central government on the mainland began to pay attention to Taiwan only after 1885 when the Manchu government became aware of Taiwan's strategic importance. The government then established Taiwan as a province. On the other hand, the early migrants to Taiwan had few interests in associating themselves with the political regime on the mainland. The new settlers also developed their own island culture, life style, and especially a distinct regional consciousness. In fact, relations between the migrants and mainland authorities were often hostile.³

Cultural and consciousness differences between Taiwanese and mainland Chinese grew over fifty years of Japanese rule. The colonial government's Japanisation policy blurred the Taiwanese people's consciousness toward the mainland and strengthened the cultural differences between people on the two sides of the Taiwan Straits. Moreover, a modernisation consciousness developed in the minds of Taiwanese people after a half century of Japanese rule. Both were auspicious to the development of Taiwanese consciousness. The burgeoning Taiwanese nationalism erupted after the 28 February Incident in 1947 when thousands of Taiwanese were killed by the KMT government.⁴

The Taiwanese-mainlander rift was enlarged further after the KMT moved to Taiwan in 1949. The new regime then established political control over the domestic politics of a subject people largely excluded from political representation. Major political and economic resources were monopolised by the KMT. State violence, i.e. the security apparatus, was strengthened to repress political opponents. The Taiwanese dialect was banned as an official

language. Local culture and socio-economic styles were discriminated against. In many ways, the KMT regime resembled a colonial system.⁵

The regime's bans on mainlander elites' connections with local Taiwanese elites was another factor leading to an enlargement of the ethnic rift between the Taiwanese and mainlanders. A notable case was the *Free China* Event. In 1960, a few mainlander liberal intellectuals (led by KMT national assemblyman Lei Cheng) were relentlessly repressed when they decided to coalesce with indigenous elites to form a new political party, the Chinese Democratic Party (CDP). The KMT's decision to imprison only mainlander members of the *Free China* opposition movement created a mental barrier between the Taiwanese and mainlanders.⁶ In particular, political separation was further enlarged because of the implementation of local elections since mainlanders had no or little base on which to participate.

Socio-economic factors also played a role in the increase of sub-ethnic cleavages. Around 1.5 million mainlanders immigrated to Taiwan in 1950 together with the émigré KMT regime.⁷ This move was a selected political immigration, consisting of KMT military, security personnel, bureaucrats, technocrats, teachers, representatives, and businessmen as well as industrial capitalists. However, mainlander Chinese did not merge into Taiwanese society after they moved to the island. Unfavourable perceptions, cultural differences, and occupational varieties between the Taiwanese and mainlanders divided the two ethnic groups into separate communities.⁸

As national politics was primarily reserved for mainlanders, the indigenous Taiwanese pursued economic advancement for upward social mobility.⁹ The potential for conflict between the two ethnic groups grew with increasing Taiwanese economic power after Taiwan experienced spectacular growth in

the 1960s and 1970s. The Taiwanese argued that mainlanders had never been interested in Taiwan until the late nineteenth century. In addition, they argued that a new political culture had grown up in Taiwan which included both ethnic Taiwanese and the last two generations of mainlanders born on the island. They also contended that Taiwan was an inseparable part of China.¹⁰

Taiwan's identity question indirectly provided the Taiwanese with a theoretical justification to distinguish themselves from mainland Chinese and to highlight the deficiency of the KMT's ruling legitimacy. The political opposition strategically employed the issue of Taiwan's identity to push the KMT to accept its terms for democratic reforms. With time, the notion of Taiwan as a separate nation-state became rooted in Taiwanese minds. However, the emotional exaggeration of Taiwan's identity questions inevitably intensified the controversy over the whole identity debate and increased the Taiwanese-mainlander tension, which erupted after Taiwan's political opening in the late 1980s.

Political Liberalisation and the Power Transition. In addition to cultural-historic factors, political development was another significant factor in the rise of the KMT's factionalism in the post-Chiang Ching-kuo period. With political liberalisation in the late 1980s, long-suppressed views were expressed with greater frequency and greater passion. Political liberalisation also released abundant political resources. The end of strongman politics further undermined party control. A number of contending influences based on ethnic, age, and area differences competed with one another, leading to intra-KMT factionalism.

At the same time, the too extreme Taiwanese-mainlander conflict was fuelled by political liberalisation. More and more Taiwanese within the KMT lost their fear and asked questions that began to drain the KMT of its monopoly of power and domination by mainlanders.¹¹ The Taiwan-first policy was also voiced by the rank-and-file. As the indigenous Taiwanese account for 85 per cent of the whole population in Taiwan, the needs of the KMT to maintain its ruling power led to the emergence of the Taiwan-first policy on the party's policy agenda, replacing its traditional all-China emphasis.¹²

Under the Taiwan-first emphasis, Taiwan's independent status as a political entity in the international system began to be stressed by the KMT, as reflected in its mainland and foreign policies. On the one hand, the KMT maintained Taiwan's political status as a part of China, but rejected any radical unification and cautiously enhanced Taiwan's relationship with the mainland. On the other hand, the KMT vigorously pursued Taiwan's official recognition by the nations of the world and international organisations through the rhetoric of pragmatic diplomacy.

However, Lee Teng-hui's modest actions on cross-Straits relations and his passionate search for diplomatic interests have aroused the wrath of many mainland KMT members who believe he is a traitor to the KMT cause. What is more, the upsurge of Taiwanese nationalist movements following political liberalisation became subject to intense conflict between KMT elites. In short, the rise of the Taiwan-first policy has infringed KMT mainland elites' interests. Ideological and interest conflicts became inextricable, but the former were advanced by the latter. Through the power struggle, the KMT's mainland policy became a direct cause which fuelled the KMT's intra-party factionalism after Chiang Ching-kuo died.

6.2 The Development of Post-Chiang Ching-kuo Factionalism

The study of the KMT's factionalism can be separated into three periods according to the development of intra-KMT conflict in the post-Chiang Ching-kuo period. The first refers to the time after Lee Teng-hui succeeded as ROC President in January 1988 and before he was elected as the eighth-term President in May 1990. The second begins with Lee Teng-hui's becoming the eighth-term President but ends after Hao Pai-tsun, the most influential factional leader of the non-mainstream faction, stepped down from his premiership in February 1993. The third period refers to the time after Lee Teng-hui's political follower, Lien Chan, entered the Executive Yuan in spring 1993 and before Lee Teng-hui received the KMT ticket to run for the ninth-term presidential election at the party's Second Plenum of the fourteenth Central Committee (CC) in August 1995.

In the first period, conflict between KMT ruling elites was intense. Several forces competed with one another for the abundant political privileges left by the old power centre. Conflict developed not only between Lee Teng-hui and old party leaders, but also among mainlander conservative leaders. In the second period, the KMT separated into the mainstream and non-mainstream factions following a broad realignment of various forces. Conflict between the two factions had many effects on the KMT's party management. In the third period, Lee Teng-hui's power base was consolidated after the non-mainstream leader Hao Pai-tsun was removed from his power base. Lee Teng-hui then became the supreme leader of the party.

Under authoritarian rule, the KMT's elite structure was founded on a centralisation of power in the hands of the paramount leader, who almost became an institution by himself. Many decision rules and institutional arrangements were custom-made for the paramount leader. The co-ordination mechanism would cease to function and the coherence of the ruling elite would deteriorate once political vacuum at the centre set in.¹³ It was feared that intra-party as well as intra-state strife might erupt with the passing away of the paramount leader, but there was no well-established mechanism and procedures in place to resolve it. The complex web of the clientelist network would take time to regroup itself into various competing power blocs.¹⁴

Conflict between KMT ruling elites erupted as soon as Chiang Ching-kuo died. Although Lee Teng-hui smoothly succeeded as ROC President, his elevation was challenged by the party's mainlander conservatives and Taiwanese politicians. As the Leninist conception of party leadership places great emphasis on charismatic legitimacy based on revolutionary accomplishment with legal-rational legitimacy, and strict organisation and disciplinary procedures,¹⁵ Lee Teng-hui's lack of a long training period to gain both the experience and political base needed for an eventual succession generated many questions about his succession from other party leaders.

In order to boycott Lee Teng-hui's succession as KMT chair, the party's mainlander conservatives around the old power centre, i.e. the Palace faction (*kung-ting pai*), which generally refers to the mainlander clique centred on the Chiang Kai-shek and Chiang Ching-kuo families, called for a collective leadership instead of a single party leader.¹⁶ On the other hand, they claimed that the nomination to the party's chair should not be in place before the party's thirteenth Congress in July 1988.¹⁷ They attempted to push Premier Yu Kuo-hua, an active member of the Palace faction who had abundant

influence over Taiwan and the KMT's financial and economic sectors, to the party chairmanship.

However, support for Lee Teng-hui arose from the media and the national representative institutions. On 16 January, United Press International (UPI) issued a news report to create public support for Lee Teng-hui.¹⁸ On the next day, thirty-eight KMT young Turks in the Legislative Yuan led by national legislator Chao Shao-kang announced their backing for Lee Teng-hui's succession to the party's chairmanship. On 18 January, similar appeals arose from the National Assembly. What is more, editorials in the *China Times*, *Independent Morning Post*, and *Freedom Times* also publicly echoed the pro-Lee tendency.¹⁹ Regardless of opposition from mainlander conservatives, Lee Teng-hui was named KMT acting chair on 27 January 1988.

After Lee Teng-hui became party leader, conflict between KMT ruling elites moved to the party's thirteenth Congress. Before the Congress, the Chief of Staff, Hao Pai-tsun, a paramount mainlander military leader, tried to ally with KMT Secretary-General Lee Huan, an influential mainlander party leader who had followed Chiang Ching-kuo in the party domain for decades, to set up a deputy chair in the party in order to provide himself with the avenues of sharing the party's power.²⁰ However, Hao Pai-tsun's proposal was rejected by Lee Huan since whoever occupied the office of deputy chair would obstruct his own march to high offices. In return, Lee Huan's call for a secret ballot for the party chair, thus giving him a chance to head the party, received no support from Hao Pai-tsun.²¹

Meanwhile, conflict between the two mainlander leaders, Premier Yu Kuo-hua and Secretary-General Lee Huan, became more apparent. With the transition at the power centre, Premier Yu was considered to have been

replaced in the premier's office due to his public unpopularity. In contrast, Lee Huan was the favourite candidate for the new Premiership according to public opinion surveys.²² Lee Huan also had the ambition to enter the Executive Yuan. Under such circumstances, conflict between Lee Huan and Yu Kuo-hua became inevitable.

The two leaders' conflict began to grow when Lee Huan's followers in the Legislative Yuan initiated attacks against Premier Yu Kuo-hua before the Party Congress.²³ What is more, Lee Huan took advantage of the party secretary-general's office to strike at Yu Kuo-hua's prestige during the re-election of members to the KMT's Central Committee (CC) at the thirteenth Party Congress. Yu Kuo-hua came only 35th. In contrast, Lee Huan's name came first.²⁴ At the same time, the relationship between Hao Pai-tsun and Lee Huan was tense because of Hao's disaffection over Lee Huan's redistribution of the quota of the military's seats in the new CC.

Lee Huan's aggressive actions gave rise to counteractions by his political competitors. A pro-Premier Yu alliance led by Hao Pai-tsun, Yu Kuo-hua, Chiang Wei-kuo, and Secretary-General of the presidential office Shen Chang-huan, an influential leader of the Palace faction, was created. After the Congress, Yu Kuo-hua remained in office, but his unpopularity and damaged power base provided Lee Teng-hui with a favourable opportunity to intrude into the Executive Yuan's affairs. Appointments to the new cabinet's re-shuffle after the Party Congress were mostly decided by Lee Teng-hui.²⁵ Yu Kuo-hua's influence over the financial and economic sectors was also taken over after Lee Teng-hui arranged for his followers to head strategic positions of the central government's financial and economic institutions.²⁶

On the other hand, Yu Kuo-hua's weak premiership still provided Lee Huan with an opportunity to enter the Executive Yuan. As some mainlander leaders, such as Chiang Wei-kuo and Shen Chang-huan, later considered that Yu Kuo-hua's weak power indirectly contributed to the rise of Lee Teng-hui, they decided to back Lee Huan to compete for the premiership.²⁷ Moreover, Lee Teng-hui's attempt to remove Lee Huan from KMT central office in order to take over the party apparatus became another conducive factor in promoting Lee Huan.²⁸ Most importantly, Lee Teng-hui's weak leadership contrasted with Lee Huan's abundant political influence at that time.

Co-operation between Lee Huan and Lee Teng-hui was delicate. A political scandal involving the Justice Minister, Hsiao Tien-tsan, a follower of Lee Teng-hui, and the private involvement of Lee Chin-hua, Lee Huan's son, in the government's mainland policy and high office affairs enlarged the breach between the two Lees.²⁹ Lee Teng-hui's sacking of Lee Huan's trustee, Kuan Chung who was the KMT Deputy Secretary-General and Chair of the Central Organisation Department, after the 1989 year-end election generated serious tension between the two KMT top leaders.

Conflict between President Lee Teng-hui and Premier Lee Huan was embroiled by several subgroups in the Legislative Yuan with the upsurge of local factions to national politics. The most important cases were the Wisdom Club (*chih-shih hui*) and the New KMT Alliance (*hsin kuomintang lien-hsien*). The former developed a parasitic relationship with the mainstream faction. By contrast, the New KMT Alliance was closely tied to the non-mainstream faction. Excessive confrontation between the Wisdom Club and the New KMT Alliance caused intense conflict between Lee Teng-hui and Lee Huan, and also between Lee Teng-hui and Hao Pai-tsun after Hao entered the Executive Yuan. Discussions of the development of KMT subgroups in the representative

institutions follow in the next chapter.

When relations between Lee Teng-hui and Lee Huan turned worse, conflict between Lee Teng-hui and Hao Pai-tsun was also highlighted. Lee Teng-hui's attempt to replace Hao as Chief of Staff created tension between the two party leaders for the first time since Lee Teng-hui had come to power. Hao revealed his interest in being Lee Teng-hui's running mate for the eighth-term presidential election, but was rejected by Lee Teng-hui.³⁰ Conflict between Hao and Lee Teng-hui temporarily ceased after Hao Pai-tsun was named Defense Minister, a post which enabled him to keep his influence within the military. However, this event undermined the relationship between Lee Teng-hui and Hao Pai-tsun.

Conflict between KMT ruling elites reached a climax after Lee Teng-hui announced he would choose the then-Secretary-General of the presidential office, Lee Yuan-tzu, as his running-mate for the eighth-term presidential election in January 1990. Lee Teng-hui's decision was met by antagonism from his political rivals. Through Hao Pai-tsun's grouping, an anti-Lee group headed by Hao Pai-tsun, Lee Huan, Chiang Wei-kuo, and Lin Yang-kang, a KMT Taiwanese ruling elite member who was the most influential political competitor of Lee Teng-hui, was created.³¹ They called for support from the CC to prevent Lee Teng-hui receiving the KMT ticket to run in the presidential election campaign. However, Lee Teng-hui and his running mate were named the party's official candidates after a poll in the CC.

Despite this setback, the non-mainstream faction decided to call for support from the National Assembly whose members were predominantly mainlanders who supported the old power centre. This event generated critical pressures on Lee Teng-hui. In order to solve the crisis, he called upon senior

party leaders and local factional leaders to conciliate the political contention between him and his political rivals. The crisis ceased after Lin Yang-kung announced his withdrawal from the presidential campaign. The most crucial factor was the disunion of political goals between the non-mainstream leaders; there were no political principles holding the whole of the faction together.³²

After the party crisis, Lee Teng-hui became the eighth-term ROC President. He removed Lee Huan from his power base through a cabinet reshuffle after the election. Hao Pai-tsun was named Premier. It was Lee Teng-hui's tactic to repress counteractions from Lee Huan and to disunite the non-mainstream camp. Besides, Hao Pai-tsun's departure for the Executive Yuan might provide Lee Teng-hui with an opportunity to take over Hao's influence in the military. A more important factor that contributed to Hao Pai-tsun's entry to the Executive Yuan was Hao Pai-tsun's abundant political and military influence.³³ After Hao Pai-tsun became premier, the KMT's post-Chiang Ching-kuo factionalism entered its second period.

Co-operation between Lee Teng-hui and Hao Pai-tsun was short-lived. The détente between the two KMT leaders collapsed after the DPP national legislator Yeh Chu-lan exposed Hao's call for military conferences a year after Hao Pai-tsun was sworn in as Premier.³⁴ This event fuelled the flame of conflict for the control over the military between Lee Teng-hui and Hao Pai-tsun. The breach between the two leaders enlarged after Lee Teng-hui decided to promote his trustee, the Chief Military Aide of President Chiang Chung-lin, to become a four-star general. This decision invited serious criticism from Hao Pai-tsun and Hao's supporters in the military. Serious counteraction forced Lee Teng-hui to reverse his decision.³⁵

Conflict between the mainland and non-mainstream factions expanded to the party's Third Plenum of the thirteenth CC in the spring of 1992. This Plenum was assembled to decide a method for the forthcoming presidential elections. Before the assembly, the KMT's Study Group on Constitutional Revision, headed by Lee Teng-hui's own trustee, Vice-President Lee Yuan-tzu, had decided on an indirect election method (*wei-jen chih-hsuan*), i.e. electoral college system or proxy vote, as the party's proposal. This proposal became part of the electoral manifesto of the party in the 1991 year-end National Assembly elections when the KMT achieved a majority of seats.

In the view of the mainstream faction, the method of direct popular election embraced by the DPP accorded with the demand for a directly elected president made by the majority of Taiwanese. In contrast, the non-mainstream faction rejected the idea of direct popular election since a president elected by the people of the Taiwan Province would be less convincing as a symbol of the unity of China, accentuate Taiwan's sovereign status in the international community, and foster the growth of a Taiwan-centred national identity.³⁶ Besides, a direct popular election might drive the government toward a presidential system that would become a pretext for further expansion of presidential power (and also increase Lee Teng-hui's power), which was unlikely to be accepted by the non-mainstream leaders.³⁷

At the same time, all public polls indicated that those supporting direct popular election outnumbered those favouring indirect election by proxies (Table 6.1).

Table 6.1 Public Opinion Poll on Presidential Election Formula

Survey Conductor	Direct Popular Election (%)	Indirect Election (%)
ROC Public Opinion Poll Association (8 March 1992)	37.1	16.5
<i>Lien-ho-pao</i> (United Daily News) (8 March 1992)	35.0	17.0
<i>Lien-ho-pao</i> (United Daily News) (13 March 1992)	38.0	18.0
Public Opinion Research Foundation (23 March 1992)	47.8	21.0

Sources: Shao-chuan Leng and Cheng-yi Lin, "Political Change on Taiwan: Transition to Democracy?" *The China Quarterly* vol. 136 (December 1993): 814

The mainstream faction accepted the indirect election method temporarily in order to distinguish the KMT from the DPP in the National Assembly elections. After the elections, Lee Teng-hui dramatically replaced the party's proposal for indirect election method by direct popular election. His reversal of policy once again became subject to intense conflict between him and his political rivals in the party. In the Plenum, the KMT separated into two groups: the indirect election group (*wei-hsuan pai*) and the direct popular election group (*chih-hsuan pai*). The former consisted mainly of members of the non-mainstream faction, except for Lin Yang-kang. The latter comprised most of the mainstream members. The conflict was resolved after a compromise was reached between leaders of the two groups. The Plenum sent both groups' proposals for subsequent discussion.

The struggle between Lee Teng-hui and Hao Pai-tsun continued after the Plenum. The 1992 Legislative Yuan elections provided Lee Teng-hui with a favourable opportunity to replace Premier Hao in office due to the strong public demand for resignation, supported the opposition DPP. Because Lee Teng-hui was unwilling to name Hao Pai-tsun the Premier again, Hao was in danger of losing support from KMT representatives in the Legislative Yuan. Pressure on Hao Pai-tsun to resign was especially strong after the DPP gained 50 out of 161 elected seats, or 31 per cent in the Legislative Yuan after the election.³⁸

In order to defend Hao Pai-tsun's premiership, the non-mainstream national legislators led by its faction leader Kuan Chung called alliance with another influential KMT Taiwanese politician, Kao Yu-jen, the former Speaker of the Taiwan Provincial Assembly, to join in the competition for the party ticket to run for the chair of the Legislative Yuan. Once the non-mainstream group won the nomination, they were able to push Lee Teng-hui to appoint Hao Pai-tsun as the Premier again.

However, the non-mainstream's setback in the nomination contributed to the downfall of Hao Pai-tsun. Lee Teng-hui announced that his follower, Lien Chan, would head the Executive Yuan. Hao Pai-tsun's political influence was thus removed following his departure. On the one hand, the inauguration of Lien Chan as the first native premier symbolised the end of KMT governance centred on the older generation of mainlanders.³⁹ On the other hand, it moved the intra-KMT factionalism into a new stage.

After Hao Pai-tsun was removed from the Executive Yuan, some mainland conservative, centred on Hao Pai-tsun, founded the Chinese Democratic Reforms Alliance (*Hsin Tung-meng Hui* or CDRA) on 12 March 1993.

The CDRA was composed of scholars, senior party leaders, military leaders and overseas Chinese, all united in a common effort to restore the KMT to its focus on the party founder Sun Yat-sen's three principles (*San Min Chu I*) and to recapture the mainland.⁴⁰ CDRA leaders claimed that Lee Teng-hui had been corrupted by the temptations of power and money. Besides, they accused Lee Teng-hui of abandoning the party's responsibility to restore the mainland and of tacitly fighting for Taiwan's independence.⁴¹

Meanwhile, members of the New KMT Alliance began to form a political group in the light of the declining political strength of the non-mainstream factional leaders.⁴² This move was regarded as a competition between the party mainlander elites of the first and second generations. When the KMT convened its fourteenth Party Congress in August 1993, the KMT New Alliance members held a concurrent congress and announced the creation of the New Party (NP). The NP tried to attract support from mainlanders who had grown disenchanted with the KMT mainstream. Its popularity was largely based on its appeal for honesty in politics.⁴³

After the KMT's fourteenth Party Congress, Lee Teng-hui's leadership was unchallenged. Three influential non-mainstream leaders, Kuan Chung, Chiu Chuang-huan and Home Minister Wu Po-hsiung, were subsequently pacified by Lee Teng-hui. Although a group of party mainlander members of the second generation formed an organisation, the Salvation and Reform Committee, in April 1995 to accuse Lee Teng-hui of dictatorial leadership and call for party reforms, this move did not have any significant effect. The organisation dissolved soon after its initiators were disciplined by party central office.

The victories of Song Chu-yu and Wu Tun-yi, Lee Teng-hui's followers, in the elections for the Taiwan Provincial Governor and the Mayor of Kaohsiung City in late 1994, and Lee Teng-hui's success in being nominated as KMT official candidate for the ninth-term presidential election in the Second Plenum of the party's fourteenth CC in August 1995 further strengthened Lee Teng-hui's power base in the KMT. After Lin Yang-kang and Hao Pai-tsun broke off from the KMT to join the ninth-term presidential election as independents, Lee Teng-hui became the supreme leader in the KMT. Finally, the post-Chiang Ching-kuo factionalism within the KMT came to an end.

6.3 Factional Disputes over the KMT's Mainland Policy

During the authoritarian years, the KMT's mainland policy indirectly justified the KMT regime's political monopoly. Ordinary democratic activities endorsed in the Constitution were suspended because of the KMT's claims to retake the mainland and complete national construction. Due to its highly political sensitivity, the KMT's mainland policy had close links with Taiwan's democratic development. What is more, the struggle over the democratic reform and the ensuring redistribution of political power between the KMT Taiwanese and mainland elites inevitably clashed over the KMT's One-China policy after the death of paramount leader Chiang Ching-kuo.

In retrospect, the KMT's mainland policy played a significant role in the intra-KMT factionalism between the mainstream and non-mainstream factions in the post-Chiang Ching-kuo era. Policy disputes first occurred in the summer of 1989 when the Executive Yuan gave its official approval to a business group for business tour in the former Soviet Union. This group was organised by business circles, but was composed of officials from the Ministry of Economic Affairs and

the Foreign Trading Association, a quasi-governmental body.

As the Soviet Union had long been considered by the KMT as a foreign enemy which had contributed to its defeat on the mainland, anti-Soviet policy was ideologically embraced by the KMT in the times of Chiang Kai-shek and Chiang Ching-kuo. With Taiwan's political opening and the change in Taiwan-mainland China relations, the political significance of anti-Soviet ideology also declined. The Executive Yuan's approval for the business group was supported by public opinion. However, the government's decision was questioned by the party's senior leader, Shen Chang-huan. Shen resigned from his office as the Secretary-General of the presidential office to protest against the party's new leadership led by Lee Teng-hui.

Controversy over the KMT's mainland policy began to go far as a result of the Lee administration's pragmatic diplomacy. To re-establish the ROC on the international stage was one of the major political programmes of the Lee administration after Lee Teng-hui came to power. On 3 June 1989, Lee Teng-hui addressed to the Second Plenum of the KMT's thirteenth CC, calling for pragmatic management of the ROC's diplomacy.⁴⁴ The Lee administration's pragmatic diplomacy aimed at increasing official diplomatic relations, strengthening non-official diplomatic nations, and breaking the barriers of the ROC's participation in international organisations.⁴⁵

On 6 March 1989, Lee Teng-hui launched his pragmatic diplomacy by visiting Singapore. Singapore had been playing an important part in bridging Taipei and Beijing because of her leader Lee Kuan-yew's private friendships with leaders on the both sides of the Taiwan Straits. However, Singapore announced a switch of formal recognition to Beijing before Lee Teng-hui's visit. However, this did not stop Lee Teng-hui. Besides, the Singaporean media's

naming of Lee Teng-hui as "the President from Taiwan" was also accepted by President Lee at his press conference. Lee Teng-hui's actions invited questions from KMT conservatives who condemned Lee Teng-hui for abandoning the party's One China policy.

Following Lee Teng-hui's visit to Singapore, the Executive Yuan announced the decision to send a delegation led by Finance Minister Kuo Wan-jung to attend the Asian Development Bank's (ADB) 22nd annual conference hosted in Beijing on 1 May 1989. Minister Kuo's visit to the mainland was the first official contact between Taipei and Beijing since the 1949 separation. As a result, the Lee administration's decision to attend the 22nd annual conference of the ADB was viewed as a big breakthrough in Taiwan-mainland China relations. However, this decision involved neither consultation with other party leaders nor a request to the CSC for confirmation. The decision was made by Lee Teng-hui and his staff.⁴⁶

Another crucial development was the delegation's performances in the opening ceremony of the ADB annual conference, where members separated into two groups: one called for absence and another suggested all-round engagement. Minister Kuo stood on the side of the latter. Kuo's decision to stand and listen to the PRC's national anthem gave rise to many questions and provoked criticism from Taiwan's academic circles, the government, and the party.

In the view of KMT conservatives, Lee Teng-hui's pragmatic diplomacy had caused the KMT's legitimacy crisis since the regime had long based its control over Taiwan upon its all-China emphasis.⁴⁷ Besides, pragmatic diplomacy would eventually lead to the recognition of the Chinese communist regime, a complete election of national representative bodies of the central government,

and constitutional revisions, all of which would inevitably infringe the vested interests of old power holders, i.e. senior national delegations, security forces, and the military.⁴⁸ Because of ideological and interest conflicts, the ADB event embittered factional disputes between Lee Teng-hui and his political rivals over the party's mainland and foreign policies.

The Lee Teng-hui administration's pursuit of diplomatic goods became especially passionate after Hao Pai-tsun stepped down from his premiership in 1993. Lee Teng-hui and Premier Lien Chan subsequently visited several countries in South East Asia, Central Asia, Central America, South Africa, and Eastern Europe. Furthermore, the ROC positively sought to join international organisations such as the APEC, the WTO, and especially the UN. Pragmatic diplomacy reached a climax after Lee Teng-hui visited his alma mater, Cornell University in the USA in June 1995. This event caused serious tension between Taipei and Beijing, and between Lee Teng-hui and KMT conservative leaders.⁴⁹

In addition to pragmatic diplomacy, the upsurge of the Taiwanese nationalist movement became another subject of intense controversy among KMT leaders in relation to the party's mainland policy. With democratisation, long-repressed views were expressed with greater passion and frequency. Political dissidents were also allowed to return to Taiwan after the abolition of the blacklist system. In the summer of 1990, a number of Taiwanese nationalists were invited to attend the National Affairs Conference. In August 1994, Lee Teng-hui received staff of the World United Formosans for Independence (WUFI). Lee Teng-hui's benevolent attitudes to Taiwanese nationalists inevitably irritated KMT conservative leaders.⁵⁰

Likewise, Lee Teng-hui's confession that the KMT was an outsider regime in his interview with Japanese writer Shima Ryutaro in May 1994 and the Minister of Economic Affairs Chiang Ping-kun's outspoken address saying that Taiwan's mainland policy was "a staged two Chinas policy toward one China" at the Asian Pacific Economic Co-operation Forum (APEC) in the summer of 1993 all generated further conflict between Lee Teng-hui and his political rivals.

Furthermore, Lee Teng-hui's connection with the Wisdom Club also blurred the image of his mainland policy. The Wisdom Club was a KMT Taiwanese-based subgroup in the Legislative Yuan. The overriding character of this group was its advocacy of "One China One Taiwan" policy which apparently contradicted the KMT's One China policy. In addition, the Club's hostility towards Premier Hao Pai-tsun and the non-mainstream New KMT Alliance was evident. This made the Club's political role controversial on the one hand, and strengthened Lee Teng-hui's political rivals' prejudices about Lee Teng-hui's mainland policy on the other hand.

Regardless of the serious disputes over the KMT's mainland policy between the party's ruling elites, their views about the policy were not far different. Table 6.2 compares both the mainstream and non-mainstream factions' policy views with regard to the KMT's mainland policy.

Table 6.2 A Comparison of Views on KMT Mainland Policy
between the Mainstream and Mainstream Factions

	Mainstream	non-Mainstream
Political Positions on the Issue of Unification vs. Independence	One China; Taiwan first; rejection of any form of Taiwan independence	One China; Taiwan first; rejection of Taiwan independence; two Chinas, and one China one Taiwan
Viewpoints on the Unification Process	Security first; stage-by-stage advance of bilateral relations; objection to party-to-party talks	Security first; stage-by-stage advance of bilateral relations; calling for sea, air, and trading links with the mainland; objection to party-to-party talks
Proposals on Unification Models	A Chinese community	Federation, confederation or a Chinese community
Attitudes toward Foreign Policy	Vigorously pursue international participation in the name of pragmatic diplomacy	Domestic development first; anti-money diplomacy; essential diplomacy;
Political Positions on Taiwan-Mainland China Relations	One China, two political entities; pro-international relations; call for a treaty ruling out any invasion of each other's territories	One China, two areas; domestic relations; call for a cease-fire treaty

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2. Loe Teng-hui, *Ching-ying ta i'ai-wan* [The Management of Taiwan] Taipei: Yuan-liu ch'u-pan-kung-szu, 1995.
3. Lin Yang-kang, *Hsin-liang-tan: lin-yang-kang te chih-kuo lan-i'u* [New Leader: Lin Yang-kang's Blueprint for

National Management] Taipei: Wan-hsiang Book Co., Ltd., 1996.

4. Kuan Chung, *Kuo-hui pi-chi* [Congressional Notes] Taipei: Democracy Foundation, 1995.
5. Kuang Li-chia, *Cheng-hsin: Lin Yang-kang hui-i-lu* [The Memoir of Lin Yang-kang] Taipei: T'ien-hsia wen-hua ch'u-pen-kung-szu, 1995.
6. Wang Li-hsing, *Wu-kwei: Hao Pai-tsun te cheng-chih-chih-lu* [Political Tour of Hao Pai-tsun] Taipei: T'ien-hsia wen-hua ch'u-pen-she, 1994.
7. Wang Shi-chun, *Chien-shan-tu-hsing: Chiang Wei-kuo te jen-shen-chih-lu* [The Life Tour of Chiang Wei-kuo] Taipei: T'ien-hsia wen-hua ch'u-pen-she, 1996.
8. Yang Li-yu, *Yu-jung-nai-ta* [Lien-chan's Coming to the Executive Yuan from the Academic] Taipei: Shang-chou wen-hua ch'u-pen-she, 1996.
9. Yang Shang-chiang, *Ni-pu chih-sao te chiu-chuang-huan* [Chiu Chuang-huan's Political Life] Taipei: I-chuan ch'u-pen-she, 1997.
10. Presidential Candidates' electoral manifestos in the ROC's 9th presidential election.
11. Interview with vice-professor Chao Ching-ho, Shih-hsin University, Taipei, 24 August 1996.
12. Interview with the Convenor of the Study Group of Mainland Policy of the Institute of Three Principles Studies at National Taiwan University, professor Chen Ming-tung, Taipei, 26 July 1996.
13. News reports from *Chung-kuo shih-pao* [China Times], *Chung-shih wan-pao* [China Times Evening Post], *Chung-yang jih-pao* [Central Daily News], *Hsin-hsin wen* [The Journalist], *Li-en-ho-pao* [United Daily News], *Li-en-ho wan-pao* [United Evening Post], *Tzu-li tsao-pao* [The Independent Morning Post], and *Tzu-yu shih-pao* [Freedom Times] from 1989 January to 1996 December.

According to the above analysis, differences of viewpoints on the KMT's mainland policy between the mainstream and non-mainstream factions were not evident. They reached a consensus in several respects. Neither the mainstream nor non-mainstream factions denied the importance of the party's long-lasting One China policy. The policy ruled out an invasion from China and retained the vintage KMT ideology for the time being. Therefore, the establishment of an independent Taiwan state was rejected by both factions although Lee Teng-hui had acknowledged publicly that Taiwan is presently independent of China.

Moreover, the Taiwan-first policy was emphasised by leaders of both the mainstream and non-mainstream factions. They all confirmed the significance of Taiwan's security in the unification process and rejected any political talk with Beijing unless China renounces its hostility toward Taiwan. Also, both the mainstream and non-mainstream factional leaders underlined the fact that China's unification should not damage the welfare of Taiwanese people. The timing and manner of unification should respect the rights and interests of the people in the Taiwan area.

For these reasons, both the mainstream and non-mainstream factions stressed the importance of the principle of circumspection in the government's management of Taiwan-mainland China relations. They called for a stage-by-stage approach to move the process of Taiwan-mainland China relations. They also agreed that direct trade, transport, and postal links (*san-tung*) with the mainland will not open until China renounces the use of force against Taiwan, recognises Taiwan as a political entity on equal footing, and allows Taiwan to have reasonable space for international participation. That is because an excessive increase of Taiwan's dependence on the mainland market will weaken Taiwan's political countermeasures in leverage against China. By then, China will be able to force Taiwan to accept its terms at the negotiation table.

Furthermore, neither the mainstream nor non-mainstream factional leaders disclaimed Taiwan's independent status in the international community because they both stressed the Taiwan-first policy. They all confirmed that both the mainland and Taiwan are parts of Chinese territory, coexisting in international societies with common responsibilities for China's unification. This suggested that neither Taiwan nor China is eligible to represent the whole of China. Taiwan's rights to take part in the international society should be respected by the PRC under the principle of equivalent sovereignty.

Remarkable differences of policy views about the KMT's mainland policy between the mainstream and non-mainstream factional leaders emerged from their different orientations toward Taiwan's relationship with China based on divergent conceptualisations of Taiwan's identity. The mainstream faction claimed that the Taiwan-mainland China relationship is in the sphere of international politics based on the reality of political development across the Taiwan Straits. In contrast, the non-mainstream faction declared that the existing separation across the Taiwan Straits is an outcome of the Chinese civil war, differing from the cases of Germany and Korea which were caused by international sources. Therefore, they considered that the relationship between Taiwan and China pertains to domestic politics.

Conflict of views about the orientation of Taiwan's relations with China resulted in different opinions on the details of the KMT's mainland policy. For example, the mainstream faction calls for a peaceful treaty to deal with the two-sides relationship. By contrast, the non-mainstream faction refuted the idea of a peaceful treaty, but proposed a cease fire treaty between the two domestic war groups. In short, policy differences about the KMT's mainland policy between the mainstream and non-mainstream factions exist only in terms of the details of policy contents. However, the policy differences were exaggerated by intra-KMT factionalism.

6.4 Conclusion

At the beginning of Lee Teng-hui's succession to Chiang Ching-kuo's leadership, he did not gain any support from the other KMT leaders. His power base was rather weak. In contrast, Lee Huan exercised abundant influence

based on the party apparatus; Hao Pai-tsun had great power in the military; Yu Kuo-hua remained in control of Taiwan's financial and economic sectors; Lin Yang-kang enjoyed considerable popularity in Taiwanese society and had links with local elites. Based on the mainlanders' political and military strength at that time, history would not undoubtedly move in the direction of Lee Teng-hui.

Excessive competition between the KMT mainlanders undoubtedly contributed to the rise of Lee Teng-hui. According to Wang Cheng-huan, relationships between Chiang Ching-kuo and his political followers tended to go down vertically and remained individually in the form of clientelism. Horizontal connections between the party ruling elites were proscribed.⁵¹ After the end of strongman politics, various forces led by different personalities began to compete with one another for spoils left by the old regime. At that time, the position of Lee Teng-hui was overlooked by those old party leaders due to the weakness of his power base.

KMT mainlanders' control of the old power centre drove Lee Teng-hui to seek support from forces outside the KMT through his institutional positions, i.e. ROC President and KMT Chair.⁵² He developed explicit and/ or implicit coalition relationships with the following groups: the KMT elected members of representative institutions and technocrats who demanded more democratic reforms, the opposition DPP whose major ideology, Taiwanese nationalism, had long been repressed by KMT mainlanders, Taiwanese capitalists who pursued a more liberal market that contradicted the old regime's state-planned economy, and local factions that had been advantaged by Lee Teng-hui's political reforms.⁵³

Relying on the support of these forces, Lee Teng-hui finally took control of the party and central government apparatuses. The advent of a new regime led to the KMT's pursuit of Taiwan's political re-establishment on the international stage, the replacement of the KMT's traditional all-China principle which was reflected in the holding of complete elections for the three branches of the National Congress and a direct popular presidential election, and the emphasis on indigenous culture and the establishment of a new community based on the whole population of Taiwan.⁵⁴

In reality, the KMT's indigenisation was an inevitable outcome of Taiwan's political transition. With the rise of the Taiwan-first emphasis and the increased importance of the electoral mechanism, the KMT could not maintain its ruling power over Taiwan without indigenisation. Similarly, Lee Teng-hui's pragmatic diplomacy was a result of political liberalisation. The emergence of a Taiwan-first emphasis drove the government to pursue a more reasonable and equal position in international society. This demand became especially strong with Taiwan's high economic growth and successful democratisation.

Lee Teng-hui's political programmes, however, became subject to intense conflict between himself and his political rivals. Factional disputes were particularly passionate over the party's mainland policy and foreign policy. Also, the Taiwanese-mainlander rift was employed by both the mainstream and non-mainstream factions to attack each other, thus leading to political retribalisation.⁵⁵ Ideological conflict became enmeshed with power conflicts. The KMT's mainland policy became a major cause which fuelled the flame of intra-party conflict between Lee Teng-hui and his political rivals. Within this power struggle, both KMT factions shared a broad consensus on the party's mainland policy, but exaggerated the small differences.

Most important was political corruption. The rise of capitalists and local factions in national politics following political transformation and Lee Teng-hui's strategic alliances had led to the deterioration of political morale and the emergence of money politics, which turned to undermine Taiwan's infant democracy. In the next chapter we will consider the development of local factions and the closely related issue, the state-business relationship, following Taiwan's political transformation.

¹ Steven J. Hood, "Political Change in Taiwan: The Rise of Kuomintang Factions," *Asian Survey* vol. xxxvi (May 1996): 471.

² Hermann Halbeisen and Peter Ferdinand, "Domestic Political Change," in Peter Ferdinand (ed.), *Take-Off for Taiwan?* (London: The Royal Institute of International Affairs, 1996), 10.

³ Steven J. Hood, *op. cit.*, 470.

⁴ Huang Kuo-chang, *Chung-kuo-i-shih yu t'ai-wan-i-shih* [Chinese Consciousness and Taiwanese Consciousness] (Taipei: Wu-nan tu-shu yu-hsien-kung-szu, 1992), 264.

⁵ Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan] (Taipei: Yuch-tan ch'u-pan-she, 1994), 114.

⁶ Huang Kuo-chang, *op. cit.*, 142.

⁷ Cheng Tun-jen, "Democratising the Quasi-Leninist Regime in Taiwan," in *World Politics* vol. 41 (July 1989): 475.

⁸ The population of indigenous Taiwanese in 1949 was seven millions. See Huang Kuo-chang, *op. cit.*, 149-152.

⁹ Cheng Tun-jen, *op. cit.*, 482.

¹⁰ Steven J. Hood, *op. cit.*, 470.

¹¹ *Ibid.*, 471.

¹² 85 per cent of Taiwan's twenty-one million inhabitants are Taiwanese, 13 per cent are post-1945 immigrants who are termed mainlanders, as are their children, and the remaining 2 per cent are members of aboriginal groups. Huang Teh-fu, "Elections and the Evolution of the Kuomintang," in Tien Hung-mao (ed.), *Taiwan's Electoral Politics and Democratic Transition: Riding the Third Wave* (New York: M.E. Sharp, Inc., 1996), 113.

¹³ Chu Yun-han, *Crafting Democracy in Taiwan* (Taipei: Institute for National Policy Research, 1992), 26.

¹⁴ Ibid.

¹⁵ Kenneth Jowitt, "An Organisation Approach to the Study of Political Culture in Marxist-Leninist Systems," *American Political Science Review*, vol. 68 (September 1974): 71-91; quoted in Carol L. Hamrin, "Elite Politics and the Development of China's Foreign Relations," in T.W. Robinson and David Shambaugh (eds.), *Chinese Foreign Policy: Theory and Practice* (Oxford: Oxford university Press, 1994), 78.

¹⁶ Chou Yu-kou, *Lee Teng-hui te i-ch'ien-t'ien* [The Thousand Days of Lee Teng-hui] (Taipei: Mai-tien ch'u-pan-she, 1993), 32.

¹⁷ Ibid., 32-34.

¹⁸ Hsu Hen, *Lee Teng-hui te ch'i-shih-nien* [The Seventy Years of Lee Teng-hui] (Taipei: Kai-chin wen-hua ch'u-pan-she, 1993), 93-94.

¹⁹ Peng Huai-en, "Shei tso tang-chu-hsi tsui-hao," [Who is the Best Man to be the Chair of the KMT?] *Hsin-hsin-wen* [The Journalist], 25-31 January 1988, 34-36.

²⁰ Chang Yu-yeh, *Lee Teng-hui ping-fa* [Lee Teng-hui's Strategy] (Taipei: Hsing-kao-di ch'u-pan-she, 1994), 90-91.

²¹ Lee Wan-tsun, "Tung-chih chi-li, chu-hsi tan-shen," [The Comrades Stood up and the Chairman was Born] *Hsin-hsin-wen* [The Journalist], 11-17 July 1988, 10-15.

²² Kuo Hung-chih, "Ching-ying chieh-ts'eng tsen-yang k'an t'ai-wan cheng-chu?" [How Do Elites View Taiwan's Political Development?] *Hsin-hsin-wen* [The Journalist], 25 -31 January 1988, 11.

²³ Lee Wan-tsun, "Yu kuo-hua chuan-li pao Chiang-shan," [Yu Kuo-hua's Defense for his

Political Base] *Hsin-hsin-wen* [The Journalist], 13-19 June 1988, 44-45.

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²⁵ Nan Fang-shou, "Lee teng-hui te liang-chieh-tuan kai-ke-lun," [Lee Teng-hui's Two Stage Reform] *Hsin-hsin-wen* [The Journalist], 11-17 July 1988, 16-19.

²⁶ Wang Cheng-huan, *Shei t'ung-chih t'ai-wan: ch'uan-hsing-chung te kuo chia chi-ch'i yu chuan-li-chieh-kou* [Who Governs Taiwan? National Apparatus and Power Structure in Transition] (Taipei: Chu-liu Book Co., Ltd., 1996), 123-128.

²⁷ Chou Yu-kou, op. cit., 85.

²⁸ Nan-ming, "Erh-lee-ti-chih jen-hsu-nu-li," [Two Lees System Needs more Efforts] *Hsin-hsin-wen* [The Journalist], 22-28 May 1989, 24.

²⁹ Chou Yu-kou, op. cit., 119-132.

³⁰ Chang Yu-yeh, op. cit., 148.

³¹ Chi Yen-ling, "Na-tuan-jih-tzu hao-pai-tsun i-chih-shih tzung-chih-hui," [The Report of Hao Pai-tsun's Role in the Spring 1990 Party Crisis] *Hsin-hsin-wen* [The Journalist], 14-20 May 1990, 32-34.

³² Ibid., 24.

³³ Chang Yu-yeh, op. cit., 189-193; Wang Li-shing, *Wu-kuei: Hao Pai-tsun te cheng-chih-chih-lu* [Political Tour of Hao Pai-tsun] (Taipei: T'ien-hsia wen-hua ch'u-pan-she, 1994), foreword by Hu Fu.

³⁴ Chou Yu-kou, op. cit., 245-251.

³⁵ Tung Ching-feng, "Chiang chung-lin to-kua i-k'o-hsin hao chia-pan fan-tui i-t'iao-hsin," [An Exclusive News Report on Disputes over Lee Teng-hui's Promotion of the Chief Military Aides of President Chiang Chung-lin to A Four-Star General] *Hsin-hsin-wen* [The Journalist], 5-11 January 1992, 12-19.

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- ³⁷ Chen Ming-tung, op. cit., 209-212.
- ³⁸ Ibid., 213.
- ³⁹ Tien Hung-mao and Chu Yun-han, op. cit., 1142.
- ⁴⁰ Steven J. Hood, op. cit., 478-479.
- ⁴¹ Liang Su-jung, *Ta-shih ta-fei* [The Memoir of Liang Su-jung] (Taipei: T'ien-hsia wen-hua ch'u-pen-kung-szu, 1995), 341-342.
- ⁴² Chiu Ming-hui, "Chao-shao-kang, yu-mu-ming, lee-sheng-feng ch'ou-chu-cheng-t'uan te mu-hou-fa-chan," [The Inside Story of Chao Shao-kang, Yu Mu-ming, Lee Sheng-feng's Forming of A Political Group] *Hsin-hsin-wen* [The Journalist], 27 August -3 September, 1992, 30-33.
- ⁴³ Steven J. Hood, op. cit., 477-478.
- ⁴⁴ Bernard T. K. Joei, "Pragmatic Diplomacy in the Republic of China: History and Prospectus," in Hu, Jason C. (ed.), *Quite Revolutions on Taiwan, Republic of China 2nd Edition* (Taipei: Kuang Hwa Publishing Company, 1994), 300.
- ⁴⁵ Chang Tsan-he, *Liang-an kuan-hsi pien-ch'ieh-shih* [The Dynamics of the Two-Side Relation] (Taipei: Chou-chi wen-hua yu-hsien-kung-szu, 1996), 344.
- ⁴⁶ *Chung-kuo shih-pao* [China Times] (Taipei), 17 April 1989.
- ⁴⁷ Liao Ching-kuei and Kuo Hung-chih, "Kuo nei wai hsueh-che tui i-kuo-liang-chih te k'an-fa," [Home and Foreign Scholarships' Viewpoints toward One State Two Systems] *Hsin-hsin-wen* [The Journalist], 17-23 April 1989, 28-35.
- ⁴⁸ Szumawenwu, "Lee Teng-hui tao-di-hsiang tung-i-shei?" [Whom Lee Teng-hui Wants to Unify] *Hsin-hsin-wen* [The Journalist], 17-23 September 1990, 7; Liao Fu-shun, "Ku-tung-hui pien-cheng chi-ying, Lee Teng-hui chih-o-hsiao-ch'uan?" [The National Unification Council Becomes a Deserted Baby, Lee Reduced his Own Power] *Hsin-hsin-wen* [The Journalist], 1-7 1991, 21-23.
- ⁴⁹ Wang Chia-ying, *T'ai-wan te ming-chu-hua yu liang-an hu-tung* [Taiwan's Democratisation and the Interplay between the Two Sides of the Taiwan Straits](Hong Kong: Tien-yuan shu-wu ch'u-pan-she, 1995), 165 and 167.
- ⁵⁰ Ibid., 180 and 182.

⁵¹ Wang Cheng-huan, op. cit., 84.

⁵² Tien Hung-mao and Chu Yun-han, op. cit., 1150.

⁵³ Wang Cheng-huan, op. cit., 54-55.

⁵⁴ Ibid.

⁵⁵ Peng Huai-en, *T'ai-wan cheng-tang cheng-chih* [Taiwan's Party Politics] (Taipei: Feng-yun-lun-tan ch'u-pan-she, 1994), 126-127.

CHAPTER 7

Local Factions after the Collapse of Authoritarian Rule

The KMT's coalition relationships with local factions can be analysed in terms of three different periods. In the 1950s and 1960s, the KMT used its control of most economic and political resources to gain the support of local factions through the system of patronage. Elections served as the mechanism through which the KMT fostered institutionalised connections with local factions. In time, the political and economic interests of local factions became intertwined with those of the KMT, bolstering the regime's rule over Taiwan. However, the influence of local factions was constrained by the KMT through several institutional devices such as bi-factionalism and barriers to the formation of inter-county/ inter-city coalitions between factions.

In the 1970s and 1980s, the KMT's Taiwanisation policy tended to cultivate and recruit more Taiwanese into the high ranks of KMT party-state. The Taiwanisation policy also included attempts to reduce the overall power of local factions. Unfortunately, the KMT's failure to achieve this impelled it to restore its alliance relations with local factions. In particular, the KMT's legitimacy crisis caused by Taiwan's serious diplomatic setbacks and the rise of the political opposition in the 1970s increased the importance of local factions in the KMT's ruling structure. However, local factions were still effectively constrained from expanding across the boundaries traditionally set by the KMT.

In the 1990s the KMT's authoritarian rule collapsed, strongman politics ceased, and Taiwan's political landscape profoundly changed. Local factions were no longer constrained in their local areas. They expanded islandwide and emerged in the national political arena, reflecting in the emergence of a number of sub-groups in legislatures at all levels. The political alliance relations between the KMT and local factions turned from vertical clientelism to the horizontal. Meanwhile, local factions converged with business groups and became political-business blocs in the local areas, thus helping to restructure Taiwan's political development.

This chapter aims to analyse the development of local factions after the collapse of authoritarian rule. It first studies the change of the alliances structure between the KMT and local factions. Then it examines the rise of local factions in Taiwan's national politics. Next, it investigates the upsurge of business groups in politics and the convergence between local factions and business groups. Finally, it discusses the issue of gangsters in Taiwan's politics. The chapter concludes by highlighting the key problems in Taiwan's local politics today.

7.1 The Change of the KMT-Local Factions Clientelist Structure

As Taiwan's political system become more democratic, elections increasingly became the only institution that could distribute political interests legitimately.¹ Moreover, elections have become very significant in helping the KMT to strengthen and demonstrate its legitimacy over Taiwan to the outside world.² The role of elections became particularly predominant after Taiwan developed a competitive party system in the late 1980s, when the DPP was established. The increasing importance of elections directly contributed to the growth of local

factions in the political leverage system based on their effective capability to mobilise support from electorate and their involvement in electoral competition.

In retrospect, elections were a very significant factor in the development of Taiwanese local factions. The KMT's implementation of local elections from 1950 built up the foundation for Taiwan's local self-government and democratic political participation. Also, it stimulated the growth of a number of factions in the local units. In the early 1970s and 1980s, the KMT furthermore held supplementary elections for representative bodies of the central government in order to respond to demands for political reforms from the newly emerged middle class and the political opposition due to Taiwan's political setbacks abroad. The opening of supplementary competitions for national elections, though limited, provided local factions with institutionalised avenues to move up to national politics from the local.³

After the collapse of authoritarian rule, the KMT was forced by the opposition DPP and the public to improve the competence and legitimacy of the three representative bodies of the central government. The KMT held complete elections to replenish senior delegates of the Legislative Yuan and National Assembly elected in 1947 between 1991 and 1992. Members of the Control Yuan were also replaced by new recruits appointed by the President. Subsequently, local factions found more agencies through which they could move into national politics. The holding of direct popular elections for executives of Taiwan Province, the two metropolitan cities, Taipei City and Kaohsiung City, and especially for the President further boosted the influence of local factions.⁴

Moreover, intra-KMT factionalism between those party elites who were situated near the old power centre and who were closed to the new leadership, i.e. Lee Teng-hui, in the post-Chiang Ching-kuo era played a role that expanded the overall power of local factions and also business groups. As a result of Lee Teng-hui's weak leadership position within the KMT, he developed coalition relationships with local factions, business groups, and the opposition in order to strengthen his power base for political leverage over political rivals.⁵ Local factions and business groups also quickly turned their allegiance to the new party leadership whose political reforms advanced their interests.⁶

Power sharing between the Lee Teng-hui group (the KMT mainstream faction) and local factions became manifest at the KMT's thirteenth Party Congress in the summer of 1988 when Lee Teng-hui counted on the support of local factions and rank-and-file for his election as party chair.⁷ Furthermore, Lee Teng-hui sought to bolster support for his leadership of the party through local factions by campaigning on behalf of KMT mainstream candidates in the 1993 elections for the executives of local governments, and the 1994 Taipei and Kaohsiung mayoral and Taiwan provincial races.⁸

Taiwan's rapid economic growth also contributed to the growth of the power of local factions. With Taiwan's economic boom between 1965 and 1985, local factions gained considerable economic strength based on their dominance of regional monopolistic businesses granted by the KMT. The rapid rise of commercial land capital in suburban areas and then later in urban areas in the 1970s gave local factions huge profits through their control of land politics. Local factions were largely benefited by rural industrialisation and the expansion of large-scale public construction projects.⁹

With the decline of the KMT's political dominance and the increase of political and economic strength of local factions, the KMT was no longer capable of controlling local factions effectively. After the collapse of the KMT's authoritarian rule and the end of strongman politics, the old clientelist structure of the political alliances between the KMT and local factions changed. The weakening of KMT control coupled with the growing strength of local factions thus began to change the nature of the traditional patron-client relationship. Local factions became the KMT's political companions of equal status, differing from their conventional roles as political subordinates.

Local factions became greatly influential over local politics although the KMT had attempted to remove them from the main political stage in the 1970s, and again in the 1980s. Members of local factions consistently occupied more than 55 per cent of the seats in the Provincial Assembly from 1954 to 1989, and the KMT's faction-based representation never fell below 50 per cent.¹⁰ With the increased importance of elections, the rise of the opposition/ DPP, and its inability to remove the influence of local factions, the KMT had strengthened its political alliance relations with local factions in order to maintain the party's political dominance. Local factions once again became the KMT's crucial allies after the KMT's failure to reduce their power and especially Taiwan's democratisation.

The KMT's increased reliance on local factions was revealed in its nomination of party candidates for elections after the political opening. The 1991 National Assembly elections were a good example. At the elections the national representative body would be subject to complete election for the first time since the 1947 elections on the mainland. This served as an indication to see whether the ruling KMT could maintain its power to direct the coming

constitutional amendments and to control the democratisation agenda during the later stages of regime transition.¹¹

At the same time, the 1991 elections were also important for the KMT party leader, Lee Teng-hui. It was the first national electoral competition after the split of the KMT into the mainstream and non-mainstream factions as a result of uncontrolled conflict between Lee Teng-hui and his political rivals on the matter of the party's nomination of official candidates for the presidential election in early 1990. The 1991 electoral outcomes would decide if Lee Teng-hui was able to solidify his leadership, justify his democratic and foreign policy agendas, and overcome the threats from the opposition.¹²

Hence, pressure on the party machinery to concentrate on winning elections became considerable. Facing these challenges, the KMT under Lee Teng-hui's direction nominated 79 candidates who were closely tied with local factions to run for the campaigns for the National Assembly elections. KMT factional candidates took 43.16 per cent of the total number of KMT nominees. This was the highest ever percentage share of factional candidates in national representatives elections than ever before. After the elections, 77 factional candidates were elected. The success rate was as high as 97.47 per cent. This was quite an encouragement for the KMT.¹³

Following the success of the 1991 elections, the KMT deepened its reliance on local factions to join electoral contests in the 1992 Legislative Yuan elections. The constitutional power of the Legislative Yuan is much greater than that of the National Assembly. In order to maintain its electoral success, the KMT nominated 58 factional candidates to run for the campaigns. The percentage share of factional candidates of the total KMT nominees was 59.18 per cent, which was the first time that the percentage of factional candidates exceeded

that of the non-factional candidates in party nominations for national elections.¹⁴

Strong criticism against the KMT's money politics from opposition parties, however, caused the KMT to suffer unexpected losses in the 1992 elections. Of the 58 KMT factional candidates, only 38, or 65.5 percent of all factional candidates were elected. The KMT gained only 62 seats, or 63.23 per cent of the total elected seats.¹⁵ This drove the KMT to reduce the number of faction-based candidates in the 1993 county and city chiefs elections. Of 19 KMT candidates these were only 8 candidates with factional backgrounds.

Despite this, candidates affiliated with local factions were more likely to be nominated by the KMT, and KMT members who had affiliations with local factions were more likely to be elected.¹⁶ Table 7.1 indicates the KMT's close reliance on local factions in elections between 1988-95. A slight reduction in KMT faction-affiliated candidates in the 1993 and 1995 elections was caused by criticism of anti-money politics from the opposition.

Table 7.1 The Number of, and Percentage Vote for KMT Factional Candidates
at Elections (1988-1995)

Year	Elections	Total Number of KMT Candidates	Number of KMT Factional Candidates	Elected Factional Candidates
1989	Legislative Yuan	58	29; (50%)	26; (89.66%)
1989	Regional District Councils Elections	53	28; (52.8%)	24; (58.5%)
1989	County and City Chiefs	20	13; (65%)	9; (69.23%)
1989	Provincial Assembly	62	36; (58.06%)	32; (88.89%)
1991	National Assembly	183	79; (43.16%)	77; (97.47%)
1992	Legislative Yuan	98	58; (59.18%)	38; (65.52%)
1992	Regional District Councils Elections	83	65; (78.3%)	41; (82.0%)
1993	County and City Chiefs	19	8; (42.11%)	4; (50%)
1993	Provincial Assembly	55	28; (50.91%)	26; (92.86%)
1995	Legislative Yuan	75	43; (53.3%)	27; (62.79%)

Sources:

1. Chen Ming-tang, "Local Factions and Elections in Taiwan's Democratisation," in Tien Hung-mao (ed.), *Taiwan's Electoral Politics and Democratic Transition: Riding the Third Wave* (New York: M.E. Sharp, Inc., 1996), 178, 179, 187, and 189.
2. Huang Teh-fu, "Elections and the Evolution of the Kuomintang," in Tien Hung-mao (ed.), *Taiwan's Electoral Politics and Democratic Transition: Riding the Third Wave* (New York: M.E. Sharp, Inc., 1996), 133 and 134.

7.2 The Rise of Local Factions in the National Political Arena

During the authoritarian years, local factions were kept out of national politics through a series of institutionalised devices. As independent political actors, local factions were unwilling to subordinate their own interests to the KMT

central authority forever. Despite their patron-client ties with the KMT regime, local factions were institutionally autonomous. After the collapse of the KMT's authoritarian rule and Taiwan's political democratic transition, old constraints and barriers for local factions to form alliances across the boundaries of cities and counties disappeared. Local factions were no longer constrained at the local level. They could ally with one another both horizontally and vertically. They also expanded nationwide to compete for public offices at all levels, undermining the KMT's dominance over central government agencies.¹⁷

Local factions' nationwide coalition moves began as soon as KMT Chairman Chiang Ching-kuo died in the spring of 1988. Before the KMT's thirteenth Party Congress in July 1988, KMT speakers and deputy speakers of the councils from 21 cities and counties held the Yilan Conference, which demanded a greater share of seats in the forthcoming party Central Committee (CC).¹⁸ Another important case of inland alliance moves between local factions was the Wisdom Club (*chi-shih hui*), established on 22 April 1988, which was the first island-wide subgroup in the Legislative Yuan after the change of Taiwan's political environment.

The Wisdom Club consisted of mainly Taiwanese KMT representatives. Its primary interest was the national legislature. The establishment of the Wisdom Club broke the KMT's restriction on forming subgroups in the representative institutions. Before the announcement of the establishment of the Wisdom Club, counter pressure from the KMT central authority was considerable. However, support from the party's former Secretary-General Ma Shu-li contributed to the establishment of the Club.¹⁹ The founding of the Wisdom Club triggered the establishment of several subgroups, consisting mainly of local factional representatives in the Legislative Yuan (Table 7.2). According to the level of institutionalisation, they could be categorised as institutionalised factions.

However, the organisational strength and the level of institutionalisation of those subgroups were far behind those of factions in the Japanese LDP.

Table 7.2 Subgroups in the Legislative Yuan (1988-1993)

Names	Formation Date	Number of Members	Partnerships
Wisdom Club	22 April 1988	21	KMT
Construction Club	16 June 1989	45	KMT
Hairlock Club	19 December 1989	8	KMT (female)
New KMT Alliance	9 February 1990	14	KMT
Heritage Club	22 February 1990	18	KMT
Concord Club	5 March 1990	39	KMT
Welfare Club	1 March 1990	13	Non-partisan
Creation Club	1 May 1990	27	KMT
Congressional Function Reform Club	15 November 1991	51	KMT
Breakfast Club (Wisdom Club)	17 January 1992	45	KMT
Yu-san Club	1 February 1993	14	KMT
Public Policy Roundtable	11 February 1993	7	Non-partisan
Public Opinion Club	18 February 1993	20	KMT
New Era Club	9 December 1993	18	KMT
Policy Study Club	18 December 1993	16	KMT

Sources:

1. Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan] (Taipei: Yuch-tan ch'u-pan yu-hsien-kung-szu, 1995), 230-232.
2. Huang Teh-fu, "Elections and the Evolution of the Kuomintang," in Tien Hung-mao (ed.), *Taiwan's Electoral Politics and Democratic Transition: Riding the Third Wave* (New York: M.E. Sharp, Inc., 1996), 128.

Notes:

Concerning the formation dates and number of members of the subgroups, the authors do not entirely agree. I therefore mainly adopt Chen Ming-tung's research data for those groups formed before the 1992 Legislative Yuan

election as Chen undertook a detailed study of each group's membership, but only for those groups formed before the 1992 election. Information for those groups formed after 1992 comes from Huang's study. Unclear data from both studies were added and supplemented by the present author's research.

After its establishment, the Wisdom Club developed an intimate tie with the KMT mainstream. The Club members' close relationship with Lee Teng-hui, and their harsh confrontation with Premier Hao Pal-tsun and the non-mainstream New KMT Alliance in the Legislative Yuan generated several questions about the Club's political role. Another factor which made the Wisdom Club's character controversial was its "Taiwan-First" agenda and its advocacy of an Independent Taiwan, which contradicted the KMT's traditional One China principle. The Wisdom Club's anti-One China policy position became a subject of intense conflict between the KMT mainstream and non-mainstream factions over the party's mainland policy.

However, the Club did not have strong influence. First, its advocacy of "One China, One Taiwan" was still proscribed by the KMT central authority although Lee Teng-hui did acknowledge publicly that Taiwan is independent of China. Moreover, the Wisdom Club was a pragmatic group and had neither a direct approach to address the most immediate concerns of the electorate, nor other notable policy positions apart from attempting to focus the political agenda on Taiwan. Such circumstances caused of development problems for the Club. Furthermore, no Wisdom Club leaders were capable of grouping local factions as a whole since they were not the leaders of the local factions to which they belonged. Therefore, the Club could not easily expand its influence outside the Legislative Yuan.²⁰

In the 1992 Legislative Yuan elections, the Wisdom Club did badly. Several influential incumbent members were defeated in the face of allegations of campaign corruption. Afterwards, the Wisdom Club fell into chaos in early 1993. Although its leaders attempted to re-organise the Wisdom Club into a non-partisan Public Interest Alliance in June of the same year, it did not succeed. By 1994, the Wisdom Club and its successor organisation had effectively been dissolved.²¹

Another noteworthy subgroup in the Legislative Yuan was the New KMT Alliance, founded on 9 February 1990. In contrast to the Wisdom Club, most members of the Alliance were young mainlander representatives of the second generation. Moreover, the New KMT Alliance was closely associated with the KMT non-mainstream faction leaders. In the party contention in early 1990, members of the New KMT Alliance acted against Lee Teng-hui and the mainstream Wisdom Club. Furthermore, the Alliance stuck to the KMT's claim to rule all of China and repudiated the idea of "Taiwan Independence" or an "Independent Taiwan." Its popularity was largely based on its appeal for honesty in politics, and its criticism of political corruption and money politics.

On 10 August 1993, some members of the New KMT Alliance split away from the KMT and founded the New Party (*Hsin Tang* or NP) before the KMT's fourteenth Party Congress. The NP continued to attract support from mainlanders who were tired of the political dominance of the KMT party mainstream and the public who had grown disenchanted with political corruption. However, the NP's policy development was weak. Many policy statements were difficult to distinguish from KMT policies. What is more, a widely shared image of the NP as a mainlander-only party indirectly contributed to the ineffectiveness of the party's organisational development.²²

Inter-county and inter-city coalitions between local factions emerged not only in the Legislative Yuan, but also in the Taiwan Provincial Assembly. To take the ninth Taiwan Provincial Assembly in 1989 as an example, there were four subgroups in the Assembly: the Grassroots Club, the Daily Renewal Club, the Practice Club, and the Political Study Club.²³ In reality, the emergence of subgroups in the Legislative Yuan and Taiwan Provincial Assembly revealed the growing overall power of local factions. However, it also brought to the surface tensions between the elected elites and party cadres.²⁴

The examples above illustrate political alliances among local factions. However, nationwide coalition moves also developed vertically between KMT factions and local factions. In early 1990, the KMT split into the mainstream and non-mainstream factions. In order to strengthen their power bases, both the KMT mainstream and non-mainstream factions abandoned the KMT party-state's old constraints and barriers, and associated with local factions. They co-opted new allies from outside the KMT, including local political forces and the business groups; a kind of repetition of what the KMT did in the 1950s.²⁵

One remarkable case was the establishment of the Foundation for Democracy (FD), organised by Kuan Chung, a young leader of the KMT non-mainstream faction in November 1990. Kuan Chung was the Deputy Secretary-General and Chair of the Central Organisation Department of the KMT between 1988 and 1989. Following the KMT's setbacks in the 1989 elections for national legislators, Taiwan provincial assemblymen, and local executives, Kuan Chung was forced to leave the KMT central office. His offices and influence in the party were taken over by Lee Teng-hui and his trustee, Sung Chu-yu. Afterwards, Kuan Chung joined the non-mainstream faction before the 1990 political disputes.

Through his abundant influence built up as head of the KMT Taiwan Provincial Committee, Taipei Metropolitan Committee, and the Central Organisation Department, Kuan Chung organised the FD in late 1990. The FD consisted of 1,381 members, including 53 national legislators, 290 representatives at provincial and local levels, 450 scholars, 365 business people, and 265 from various sectors of society. The FD sought to act as a quasi-party body to promote its particular candidates to political offices through elections. Among 1,381 members, 80 were first-ranked leaders of local factions.²⁶

Another noteworthy case was the Association for National Development Promotion (ANDP) established in April 1991 by Chiu Chuang-huan, a Chiang Ching-kuo cultivated Taiwanese politician. During the KMT's party crisis in the early 1990s, Lee Teng-hui promised to appoint Chiu Chuang-huan as Premier or KMT Secretary-General in order to gain his support. At that time, Chiu Chuang-huan had a closer relationship with the mainstream factions. However, Lee Teng-hui did not fulfil his promises after the party crisis. What is more, Chiu Chuang-huan was replaced by Lee Teng-hui's trustee, Lien Chan, as chair of the Taiwan Provincial Government. Later, Chiu reacted against Lee Teng-hui by moving to the non-mainstream faction.²⁷

Subsequently, Chiu Chuang-huan announced his intention to run for the forthcoming presidential election in 1996. Following the founding of the FD, he established the ANDP in April 1991 through his own large personal networks. Like the FD, the ANDP was designed to promote their particular candidates to public offices through elections. The ANDP consisted of more than 1,500 members from the party, political circles, local factions, business community, and academic circles, including many local factional leaders. What is more, the ANDP established 9 local branches in Taipei, Taoyuan, Taichung, Nantou,

Changhua, Kaohsiung, Taitung, Hualien and Keelung, and 9 overseas branches to publicise its organisational policies.²⁸

Undoubtedly, both Kuan Chung and Chiu Chuang-huan's alliances with local political forces indirectly promoted the political position and influence of local factions in the KMT. Meanwhile, they drove Lee Teng-hui and the mainstream leaders to strengthen their political alliance relations with local factions. Through abundant political and economic resources, the mainstream faction used superior and more political rewards to restore their links with local factions. By contrast, the relatively inferior political and economic power of the FD and ANDP prevented the two organisations from developing further. Their political networks were soon abolished by the mainstream-controlled KMT central authority.²⁹

As a result, neither the FD nor the ANDP played important roles. Apart from their originally designed functions, the two organisations never recommended or supported particular candidates to run for election campaigns. Instead, they only focused on academic affairs such as conferences and publications. What is more, both Kuan Chung and Chiu Chuang-huan were pacified by Lee Teng-hui before the KMT's fourteenth Party Congress in August 1994. It was arranged that Chiu should become the Chair of the Examination Yuan in April 1993. Kuan became the Minister of Personnel before the 1994 year-end Taiwan Governor election and again the Deputy Chair of the Examination Yuan in 1996.³⁰

The growing influence of local factions in the post-Chiang Ching-kuo period was also observable during the KMT's 1990 party crisis. Although Lee Teng-hui called upon eight senior party leaders to reconcile political conflict between himself and the non-mainstream faction leaders, this did not make any significant contribution. A major breakthrough was made by local factional

leaders invited by Lee Teng-hui to act as mediators at the same time. The efforts of the former Speaker of the Taiwan Provincial Assembly Tsal Hung-wen, a factional leader of the Taichung Red *pai*, played a decisive role in solving the crisis after Lin Yang-kang accepted his advice and withdrew from the National Assembly's campaigns for the 1990 presidential election.³¹

After Lee Teng-hui became the eighth-term President, several local factional leaders were named as Presidential Senior Advisors or Consultants for national policies. Several strategic positions in the central government and KMT central office were also occupied by local factional leaders. For example, Liu Sung-fan, an influential member of the Taichung County Red *pai*, became the Chair of the Legislative Yuan while Wang Chin-ping, a significant factional member of the Kaohsiung County White *pai*, became the Deputy Chair of the Legislative Yuan. Likewise, the secretary-generals of the KMT Central Policy Committee and its party branch in the Legislative Yuan were taken over by local factional members.³²

Moreover, the increasing influence of local factions was visible through analyses of the composition of the KMT CC. Under authoritarian rule, party members who were tied to local factions were seldom positioned in the CC. Although a few factional members were appointed in the eleventh and twelfth CCs, they were carefully selected by party central authority and accounted for less than 10 per cent share of the total CC members. After the ending of strongman politics, local factions began to expand in the KMT CC. By the fifth CC in 1997, local factions had gained 51 of 230 CC members or a 22.2 per cent share (Table 7.3).

Table 7.3 The Increasing Number of Seats of Local Factions
on the KMT Central Committee (1952-1997)

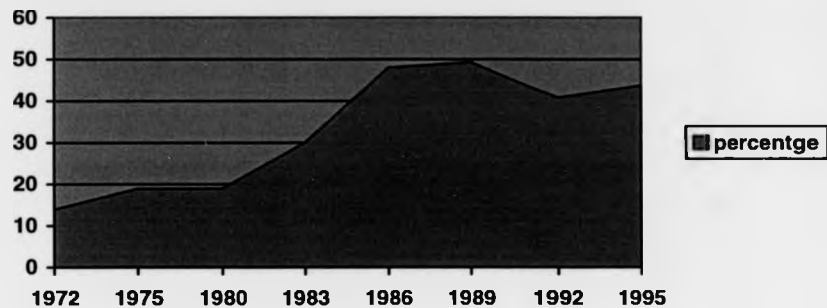
Party Congress	Date	Total CC Members	Members of Local Factions	Percentage of Local Factions' Seats
7	10 October 1952	32	0	0
8	10 October 1957	50	0	0
9	12 November 1963	74	0	0
10	29 March 1969	99	1	1
11	12 November 1976	130	8	6.2
12	29 March 1981	150	8	5.3
13	7 July 1988	180	24	13.3
14	16 August 1993	210	46	21.9
15	24 August 1997	230	51	22.2

Sources:

1. Chen Ming-tang, "Local Factions and Elections in Taiwan's Democratisation," in Tien Hung-mao (ed.), *Taiwan's Electoral Politics and Democratic Transition: Riding the Third Wave* (New York: M.E. Sharp, Inc., 1996), 172.
2. "Chung-kuo kuo-min-tang chien-tang i-pai-nien da-shih-chi," [The Chronology of the One Hundred Anniversary of the Establishment of the KMT] *Chung-yang Jih-pao* [Central Daily News] (Taipei), 24th November 1994.
3. Data for 14th and 15th Party Congress were provided by various newspaper sources.

Furthermore, investigations into the personal details of representatives in the Legislative Yuan provide further evidence of the increasing influence of local factions in the early 1990s. The percentage share of factional representatives in the Legislative Yuan rose from 13.89 per cent in 1972 to 49.32 per cent in 1986 and 50.98 per cent in 1989. The DPP's striking gains in the 1992 and 1995 Legislative Yuan elections reduced the percentage share of factional representatives in the Legislative Yuan. However, faction-based legislators still accounted for over 40 per cent of the total (Figure 7.1).

Figure 7.1 Factional Representatives in the Legislative Yuan
(1972-1995)



Sources:

Wang Cheng-huan, *Shei t'ung-chih t'ai-wan: ch'uan-hsing-chung te kuo-chia chi-ch'i yu chuan-li-chieh-kou* [Who Governs Taiwan? National Apparatus and Power Structure in Transition] (Taipei: Chu-liu Book Co., Ltd., 1996), 153.

Note:

Date for 1995 were provided by various newspaper sources

7.3 The Political Expansion of Business Groups

As already mentioned, the KMT used a variety of state-allocated benefits at different levels of administration to incorporate local factions as political allies in order to legitimise its rule over Taiwan. According to Chu Yuan-hen and Chen Ming-tung, these KMT-granted monopolistic economic businesses include co-operative banks, credit unions, credit departments of farmers' associations and fishermen's associations, and public transportation. Over 90 per cent of local factions had at least one of those businesses.³³ However, the scope of those

regional monopolistic businesses was confined to the city-county or *hsiang*-township areas in order to limit the expansion of local factions both politically and economically.

With Taiwan's economic liberalisation in the 1980s and especially the collapse of the KMT's authoritarian control, the economic scope and structure of local factions changed profoundly. On the one hand, local factions no longer limited their regional monopolistic businesses to the traditional boundaries. Local factions expanded their businesses nationwide and even abroad. On the other hand, local factions positively invested in capital-intensive businesses based on their regional monopolistic businesses. A large number of local factions shared in the establishment of stock exchange companies, construction companies, and private banks.

Research by Chen Ming-tung reveals that local factions shared in 6 of 16 new established private banks given authority by the KMT to open in 1990. Also, 36, or 52.9 per cent of the existing 68 local factions at city-county level have shares in stock exchange companies; 47, or 69.1 per cent, have businesses pertaining to land speculation such as construction companies and housing mortgages.³⁴ The structural change of economic activities has allowed local factions to expand their economic, and also political, influence. The dramatic expansion of local factions in business, however, has melted down the distinctive lines that separated local factional leaders and business people, thus causing the state-business relationship to deteriorate.

Meanwhile, business groups broke through and began to engage in politics actively. Under authoritarian rule, the business community served as the primary coalition partner of the KMT to accelerate economic development. Business people generally were not permitted to play an active role in politics.

The business community's involvement in politics was limited to a passive partnership with the party and the administrative system of the party-state.³⁵ It did not assert itself as an autonomous and organised political actor in the policy-making process nor were its interests well represented in the KMT's power structure. Three unique characteristics of Taiwan's political economy during the authoritarian years confined the growth potential of business groups.

First, the KMT's requirement of full-fledged legitimacy of the business sector was reduced to a minimum because it has based its legitimacy on international recognition and because of its effectiveness in bringing about economic prosperity. The differentiation of state elites and business elites along the sub-ethnic line also erected institutional cleavages between the KMT's national leadership and the business community as a whole.³⁶ The existence of state-owned enterprises which had a monopoly or near-monopoly in a large number of manufacturing sectors further buttressed the existence of an economic base independent of the private sector. Throughout the 1970s total investment in the state-enterprise sector accounted for more than a third of gross domestic fixed capital formation in most years.³⁷ Under such circumstances, the political support of the business community was not a weighty factor in sustaining the political legitimacy of the KMT regime.

Second, in the time of authoritarian rule, the formal channel between the government officials and business leaders was through the state-sponsored industrial associations which were created through the economy hierarchically along corporatist lines. However, the KMT regime's pre-emptive incorporation of industrial and business associations and political manipulation changed the way in which these associations functioned. Rather, these associations were designed by the KMT to penetrate, organise, and mobilise various sectors of the civil society. The elections of association leadership were conducted under the

guidance of the KMT Social Affairs Department which exercised effective power over the appointment of officers of the secretariats of these associations. Most of the officers were retired state officials, military officers, and party bureaucrats recruited through a complex clientelist network.³⁸

Third, some inherent structural characteristics of the private sector prevented attempts at group-based coalition politics from business community. Most of the export-oriented sector consisted of small and medium sized firms which lacked the necessary resources and skills for organising group-based actions. As both the entry barriers and exit costs were quite low in these sectors, firms moved in and out of a given sector every now and then. These conditions encouraged private adjustment instead of collective bargaining.³⁹ With respect to large diversified business groups, they tended to avoid organising autonomous collective actions among private business interests, so that they could enjoy better access to economic officials who administered an array of powerful policy instruments (such as bank credits, protectionist measures, fiscal incentives, and market-order regulations) in order to gain essential economic resources from the regime.⁴⁰

In general, as Chu Yun-han mentioned, "private business was relatively weak vis-à-vis the KMT party-state during the authoritarian years because the regime was endowed with a centralised political authority, an oversized military and administrative apparatus, and a huge array of state-owned enterprises. The party-state could shape the patterns of segmentation and association within the business community because its control of the organisational bases of resources distribution and its power of institutional innovation, which is the most effective weapon for the ruler to manipulate the ruled."⁴¹

From the early 1970s, business groups began to participate in politics. They began to develop ties with local factions and participate in local elections after Taiwan's economic take-off and subsequent urbanisation in the 1960s. Through collusion with local factions, business groups were able to receive large profits from land speculation, favourable loans, governmental procurement, and public construction projects.⁴² As Taiwan entered the 1980s, mounting external and internal pressures for economic liberalisation and increasing political democratisation rapidly resulted in the changes of Taiwan's political and economic environments. Business groups became more involved in political activities in order to expand or defend their economic interests.

With the rise of neo-protectionism in the developed countries especially the United States in the 1980s, the external economic environment for Taiwanese business groups started changing. It was particularly so after economic and trade friction was generated between Taiwan and the United States due to the United States' annoyance with Taiwan's long-term maintaining of a favourable trade balance and her large foreign exchange reserves. In 1987, the US trade deficit with Taiwan reached 19 billion dollars.⁴³ This was an enormous figure, second only to the US deficit with Japan, and at a time when a great deal of USA congressional attention was being focused on the US trade deficit. It led to great pressure on the government in Taiwan to take measures to lower the deficit.

Under pressure from Washington, the Taiwanese government called for market diversification by developing alternate markets in Southeast Asia, Eastern Europe and many other parts of the world, even in mainland China, and to promote industrial upgrade.⁴⁴ More significantly, the Taiwanese government opened up its domestic market by removing non-tariff barriers to trade. Many long-running policy measures, such as mandatory export-ration

requirements, domestic content requirements and export subsidies, were forced out. The New Taiwan dollar was re-valued upwards by more than 48 per cent against US currency between 1986 and 1988.⁴⁵ The government was also forced to take measures to improve working conditions. Those measures of economic liberalisation all have reduced the productivity of business groups.⁴⁶

Moreover, political as well socio-economic changes at home worsened the production conditions of business groups. Due to the KMT's neo-mercantilist policies in the past few decades, the concerns of consumers, farmers and labours were ignored, and the importance of the environment was downplayed in order to protect the interests of large diversified business groups. However, this in turn led to the rise of organised new social movements in the 1980s. These social movements converged with the growth of opposition movements to push the KMT to transform the authoritarian regime and its policies. They also targeted the business community, thus directly and indirectly increasing business production costs.⁴⁷

Faced with these challenges, business groups turned to the state to deregulate economic controls. They called for deregulation of a number of state-dominated sectors, especially the financial sector in which private participation was prohibited, privatisation of certain state enterprises which lacked clearly-defined policy missions, liberalisation of banking regulation, and development of a full-fledged capital market.⁴⁸ The decline of the KMT's authoritarian power also became an incentive for business groups to exert greater efforts toward maintaining or turning the state's policy-making in their favours.⁴⁹

Under pressure from business groups and the decline of Taiwan's international economic competitiveness, the KMT, between 1986 and 1987, deregulated foreign exchange and overseas investment, allowed trade with some socialist countries, and permitted travel for the purpose of visiting family members and indirect investment to mainland China.⁵⁰ Also, the channel of participation of the business groups in the government's formulation of economic policies was broadened, showing in Premier Yu Kuo-hua's decision to establish a blue-ribbon Economic Reform Advisory Council to suggest measures for the direction of development strategy in early 1985.⁵¹

Meanwhile, economic liberalisation compelled business groups to play a more positive role in political activities. A large quantity of economic resources were released by economic liberalisation from the late 1980s. Between 1988 and 1991, the government took the entry restrictions off a series of state enterprises or parastatal-dominated sectors, such as commercial banking, investment banking, construction, mass transportation, airlines, and the mid-stream petrochemical sector. A number of state-harboured oligopolies, such as security brokerage, newspapers and insurance, were also opened for new entrants. Some state-owned enterprises are earmarked for privatisation.⁵² In the process of the redistribution of economic resources, business groups became more enthusiastic about participating in political activities in order to achieve larger economic spoils.

Furthermore, political democratisation since the late 1980s became another incentive for business groups to participate in politics. With democratisation, an expanded electoral avenue and an ascending parliament (more rooms were made to representatives of the island of Taiwan as more mainland senior delegates died) provided the business elites with new opportunities to initiate new forms of political investment and pursue

influence buying at strategic junctures in the policy-making process.⁵³ Business groups got involved in politics in various ways: providing financial aid to particular parties or candidates to run election campaigns; offering material resources to support governmental activities; establishing thinktanks to affect the government's policy-making; lobbying political parties or legislators; joining local factions; and directly engaging in electoral contests to compete for public offices.⁵⁴

From the early 1970s, electoral contests became increasingly money-consuming as more and more new land capitalists participated in elections for high stakes. Election campaigns became particularly expensive after the money game began in the late 1980s, requiring huge amounts of money for advertising, lavish banquets, other campaign activities, and vote-buying. According to Shiao Chyuan-Jeng, a candidate in the 1989 Legislative Yuan elections might spend as much as \$1.2 to \$3.2 million on a single campaign. In contrast, average campaign expenditures in 1988 for candidates to the US House of Representatives averaged only \$274,000 and for the Senate, \$2.8 million.⁵⁵ Current political market assessments suggest that at least \$5 to \$6 million is required to run for county magistrate and \$3 to \$4 million to secure a seat in the Legislative Yuan.⁵⁶

As business groups were very capable of providing abundant financial aid for expensive campaigns and held sway over the thousands of employees who are registered voters, the business community increasingly became the most-sought partner for political parties, local factions, individual politicians, and other forces that sought to increase their influence through the electoral process.⁵⁷ The implementation of direct popular election for the President in which election campaigns required huge spending further increased the significance of business groups.⁵⁸ In other words, the influence of business

groups has been boosted dramatically with Taiwan's economic growth and political democratisation.

With increasing political influence, business groups have come to play a significant role in Taiwan's politics. As already stated, the post-Chiang Ching-kuo power struggle over political succession, which was entwined with the division over the scope of political reform and the shape of new institutional arrangements, compelled both KMT mainstream and non-mainstream factions to bring in new allies from the outside. The mainstream faction reached out to the business community much more vigorously as it at first had a weaker power base within the KMT.⁵⁹ Lee Teng-hui received essential support from large Taiwanese-based private enterprises to reform the KMT party-state and to neutralise resistance from mainland-oriented members within the KMT.⁶⁰

Based on their abundant influence, both political and economic, business groups became an important political coalition partner for the KMT. The importance of business groups in the KMT's efforts to maintain legitimacy has been gradually superseding that of local factions.⁶¹ Support from business groups were crucial to the KMT's maintaining its dominant role in economic development and gaining the support of the middle class. In order to restore its dominant role in economic development and strengthen its relations with business groups, the KMT enthusiastically promoted the Six-Year National Development Plan in the early 1990s.⁶² Business groups gradually became significant in reconstructing the KMT regime.

The increasing political influence of business groups is well revealed in their growing involvement in Legislative Yuan elections. In the 1989 elections, 54 of 289, or 19 per cent of candidates were affiliated with business groups. 40 of these 54 candidates were elected. The success rate was 76.2 per cent. The

business-related candidates accounted for 39 per cent of the 101 newly elected legislators.⁶³ In the 1992 year-end Legislative Yuan elections, the first time there was a complete election of the whole national legislature, the number of elected business-related candidates remained high, accounting for 78 of a total of 101 newly elected legislators, or 66.7 per cent.⁶⁴

Research by Wang Cheng-huan shows that business-related representatives in the Legislative Yuan accounted for 50 per cent of the total of 294 elected legislators between 1969 and 1992. Within those business-related legislators, 26.87 per cent are in business pertaining to the industrial sector, e.g. construction companies and petrochemical industries; 19.05 per cent are linked to banking and financial business; 15.31 per cent to trades; 13.27 per cent to service industries (especially lawyers and medical doctors); and 3.06 per cent to agriculture, fisheries, and minerals.⁶⁵

After being elected, business-related legislators are normally keen to compete for assignments in the committees for the budget, finance and economics, the three most lucrative committees. Through their control over the institutional power of the three committees, business groups are better equipped to turn the state's policy-making to their favour; for example, to expand or defend the privileges of their elective offices and pay off their political debts. Among the total of 294 elected legislators between 1969 and 1992, 70.6 per cent of members on the committees of budget, finance and economics had close links with business groups. Furthermore, 75 of the 294 elected legislators, or 25.52 per cent, were tied to both business groups and local factions.⁶⁶

However, a large number of factional and business-based legislators skipped most of the legislative sessions and concentrated on the legislative proposals and budgets which involved the interests of their factions or financial backers.⁶⁷ They also vigorously opposed any revised policy or new proposed policy which might weaken their entrenched business interests. For example, two important financial measures (the legal ceiling on the percentage of real estate assets which an insurance company can hold and the case of the securities transaction tax) designed to cool down the overheated stock and real estate markets in 1990 met strong resistance from the spokesmen of the giant insurance companies and the brokerage houses in the legislative process.⁶⁸

In the 1950s and 1960s, the KMT was capable of maintaining its control over local factions and kept a clear distance between business groups and local factions. However, Taiwan's political and economic changes since 1970s and especially in the late 1980s have profoundly reduced the KMT's dominance in Taiwan and changed the country's political landscape. On the one hand, local factions were freed of the KMT's old constraints and could expand throughout the island. On the other hand, business groups deepened their involvement in political activities to pursue economic interests through politics. The emergence of local factions and business groups in the national political arena inevitably intertwined the whole relationship between the two.

Money politics and structural corruption which had long been fermenting in the local politics was transmitted into the national politics as a result of the convergence of local factions with business groups. The Legislative Yuan became an arena of bargaining among state officials, party officials, and lawmakers who acted as surrogates of special business interests.⁶⁹ Although Lucian W. Pye, who has recently studied the scandals of money politics in Japan,

Taiwan, South Korea, China, and Singapore, suggested that money politics can also operate in a manner that actually advances democracy.⁷⁰ Taiwan's money politics not only badly damages the moral integrity and political leadership of the KMT but also gravely endangers the smooth transformation of the entire political system.

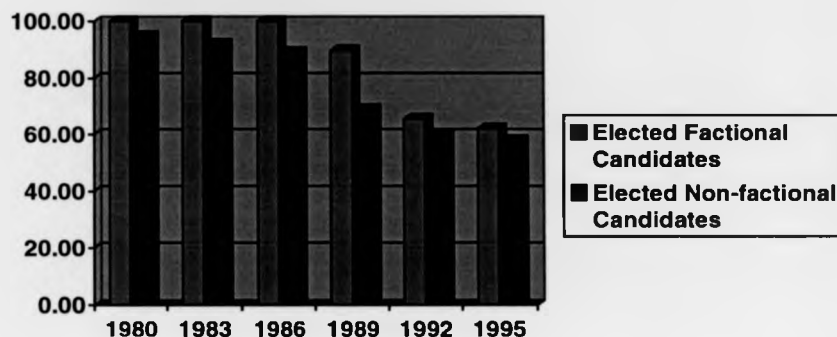
What is more, the KMT officials who still wielded considerable power over the party nomination process and the elective fate of individual candidates actually encouraged the growth of money politics and the cycle of structural corruption, i.e. institutional voting-buying mechanism. Based on the increasing influence of local factions and business groups, and the party's attempts to contain the electoral growth of the opposition candidates, the middle-level KMT officials who were directly responsible for the election outcomes in a given district tended to recommend the nomination of candidates, who have strong support from a business group or local faction.⁷¹

The excessive expansion of local factions and business groups invited strong criticism from the political opposition and the public. Several social movements in the early 1990s targeted the KMT central authority as result of money politics.⁷² What is more, money politics became a cause that fuelled political contention between the KMT mainstream and non-mainstream factions.⁷³ Anti-money politics and anti-vote-buying movements precipitated an island-wide popularity during the 1992 elections. During the elections, the KMT suffered an unexpected setback. This signalled the decline of the electoral value of factions. Vote-buying no longer guaranteed electoral success. Also, the KMT's alliance strategy with local factions cannot enjoy continued success within the current corrupt structure.⁷⁴

In order to diminish the pressure caused by criticism of the KMT's money politics, the KMT nominated more candidates with "clean" backgrounds, good images, and no factional ties for elections in 1993 for local executives. Factional candidates took 8 out of 19 KMT nominations, or 42.11 per cent (Table 7.1). As Figure 5.2 shows, this percentage was the lowest ever for the KMT's factional candidates at elections for local executives except for the 1977 local executives elections when the KMT made large-scale efforts to reduce the overall power of local factions. Even so, local factions still played an important role in elections, but they were assigned to a behind-the-scenes role to support good-image candidates.⁷⁵

In addition, the KMT initiated a series of investigations into vote-buying crimes in the election of the speakers and deputy speakers of local councils in early 1994. 257 local councillors including 190 KMT members (74 per cent), 60 non-party members (23 per cent), and 7 DPP members (3 per cent) were prosecuted.⁷⁶ Despite the decline in the electoral value of local factions, factional candidates are still more likely than non-factional candidates to be elected (Figure 7.2). As a result, the KMT needs to maintain its alliances with local factions at the present time because of its necessity to retain the support of local populations.⁷⁷

Figure 7.2 The Percentage of the KMT's Nomination and Outcomes
at Elections for the Legislative Yuan (1980-1992)



Source:

3. Chen Ming-tang, "Local Factions and Elections in Taiwan's Democratisation," in Tien Hung-mao (ed.), *Taiwan's Electoral Politics and Democratic Transition: Riding the Third Wave* (New York: M.E. Sharp, Inc., 1996), 189.
4. Data for 1995 are added from various newspaper resources.

Taiwan's politics has suffered increasingly from violent campaigns and Mafia-style politics as more and more gangsters have participated in politics. After elections became particularly expensive from the 1970s, gangsters were attracted by the huge flow of campaign expenditures and sought to gain material resources from candidates through violence. Moreover, the overheated electoral contests impelled local factions to associate with gangsters. In elections, gangsters are now in charge of the safety of local politicians, helping factional candidates to run their campaigns, and bribing voters in exchange for rewards, normally huge cash or political favours from local factions.⁷⁸

As gangsters became more familiar with election campaigns and retained greater economic power generated by illegal business activities (that had benefited from Taiwan's rapid urbanisation between the 1970s and the 1980s), they began to get involved in elections for public offices. Through public offices, gangsters are able to compete for opportunities in public construction projects and economic privileges. Moreover, gangsters can use the administrative authorities to solicit their infraction of regulation and laws, and to protect their illegal businesses. Gangsters can basically "doctorate" their underground status once they occupy public offices.⁷⁹

The phenomenon of Mafia-style politics is serious in rural areas where socio-economic development are poor. According to Chao Yung-mao, gangsters in Changhua County, Yunlin County, Chiayi County, Tainan County, and Kaohsiung County are more vigorously involved in politics. In 1989, 25 per cent on an average of county and sub-county councillors in these areas had close affiliations with gangsters. In Yunlin, the percentage was especially high at 40 per cent in the same year.⁸⁰ In urbanised cities and counties, the superior socio-economic conditions cause problems for the political activities of gangsters, and therefore such groups have less electoral influence.

Furthermore, gangsters are more active in elections at local level than those at national level. Underground group-based candidates are commonly seen in local elections, especially at the *hsiang*-township level. During the judicial investigation moves of the Ministry of Justice in 1994, 300 of the total of 858 newly elected local councillors, or 35 per cent, had records of criminal conviction and/ or association with illegal gang organisations.⁸¹ The excessive expansion of gangster activity can sometimes take control over, or even annex, local factions with which they are affiliated.

The growing of gangster influence in election politics may drive Taiwan toward a Mafia-type politics. It is now quite commonplace to see the forces of gangsters take control over local election campaigns and political affairs. One of the shocking cases of political violence made by gangster politicians was revealed by government prosecutors in December 1994. Involved the Speaker of the Pingtung County Council, who accompanied by his gangster brothers personally shot and killed his business rival at the victim's own home.⁸²

7.4 Conclusion

In general, this chapter expands upon what I mentioned in Chapter Two about the relationship between the performance of the KMT's clientelist alliances with local factions and the strengthening of its political control. Since the late 1970s, the KMT's clientelist alliances have undergone an essential change. The KMT's attempts to curb the enhanced influence of local factions cracked the alliance relationships between local factions and the KMT. Then, as a consequence, undermine the KMT's own unity and increased the pressure for further democratisation. After the collapse of authoritarian rule, the alliance relationships between local factions and the KMT became much more unstable. The KMT continued to lose its political dominance.

Indeed, Taiwan's rapid economic growth and socio-economic changes during the past few decades have contributed to the political transition from authoritarian rule to democracy. Unfortunately, the development of democratic norms does not match the level of socio-economic modernisation in general. Neither local politicians nor the local population are equipped with democratic ideas and respect for the rule of law. This situation is particularly worrisome in rural areas where the level of modernisation and democratic

development has not advanced at the same rate as in the urban centres. Despite high levels of urbanisation, industrialisation, per capita income, literacy and mass communication, kleptocracy, i.e. bribery, corruption, political discrimination, and money politics are still prevalent in Taiwan's local politics.

In addition, the popularity of local factions in elections continues to prevail. According to Figure 7.2, factional candidates are still more likely to be elected than the non-factional candidates. The influence of local factions has not faded with socio-economic modernisation. Their capability to achieve electoral mobilisation in local politics has not declined yet. This negates Chao Yung-mao's proposition that socio-economic development will result in the decline of local factions.⁸³ To put it differently, Taiwan's political culture is truncated, which means that it has not developed in accordance with socio-economic modernisation.⁸⁴ This is the major cause of anti-democratic behaviour, such as bribery, vote-buying and violence, in elections and political management in present-day Taiwan.

As Michael Ying-mao Kau mentioned, the pernicious assaults on the weakened KMT party machine by local factions, business groups, and gangster elements are creating trouble of crisis proportions for Taiwan's orderly process of democratisation.⁸⁵ "It is clear that the KMT leadership is now confronted with a critical dilemma: should it choose to gather up all its courage for the sake of its long-term survival to cut off ties with the pernicious factional and money politics at the risk of alienating support from the powerful and rich in society, or should it continue to indulge in the short-term benefit and expediency of symbiotic cooperation with resource-rich local factions and the business groups to help it hang on to power and security." ⁸⁶

¹ Chen Ming-tang, "Local Factions and Elections in Taiwan's Democratisation," in Tien Hung-mao (ed.), *Taiwan's Electoral Politics and Democratic Transition: Riding the Third Wave* (New York: M.E. Sharp, Inc., 1996), 185.

² Hermann Halbeisen and Peter Ferdinand, "Domestic Political Change," in Ferdinand, Peter (ed.), *Take-off for Taiwan?* (London: The Royal Institute of International Affairs, 1996), 18.

³ Chao Yung-mao, *T'ai-wan ti-fang cheng-chih chih pien-ch'ien yu t'e-chih* [The Change and Characteristics of Taiwan's Local Politics] (Taipei: Hen-lu Book Co., Ltd., 1997), 237-238.

⁴ Ibid.

⁵ Wang Cheng-huan, *Shei t'ung-chih t'ai-wan: ch'uan-hsing-chung te kuo-chia chi-ch'i yu chuan-li-chieh-kou* [Who Governs Taiwan? National Apparatus and Power Structure in Transition] (Taipei: Chu-liu Book Co., Ltd., 1996), 84-85.

⁶ Ibid., 76-78.

⁷ Steven J. Hood, "Political Change in Taiwan: The Rise of Kuomintang Factions," in *Asian Survey* (May 1996): 472.

⁸ Ibid., 473.

⁹ Shiao Chyuan-Jeng, "Elections and the Changing State-Business Relationship," in Tien Hung-mao (ed.), op. cit., 219.

¹⁰ Huang Teh-fu, "Elections and the Evolution of the Kuomintang," in Tien Hung-mao (ed.), op. cit., 130.

¹¹ Chen Ming-tang, "Local Factions and Elections in Taiwan's Democratisation," op. cit., 186.

¹² Ibid.

¹³ Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan] (Taipei: Yueh-tan ch'u-pan yu-hsien-kung-szu, 1995), 226.

¹⁴ Chen Ming-tang, "Local Factions and Elections in Taiwan's Democratisation," op. cit., 188.

¹⁵ Ibid., 188.

¹⁶ Huang Teh-fu, op. cit., 133.

¹⁷ Chen Ming-tang, "Local Factions and Elections in Taiwan's Democratisation," op. cit., 184.

¹⁸ Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics

and Political Dynamics of Taiwan], op. cit., 151.

¹⁹ Kuan Ta-kung, "Chi-shih hui kai-chiu, kuo-ming-tang luan-le," [The Establishment of the Wisdom Club Annoys the KMT] *Hsin-hsin-wen* [The Journalist], 25 April - 1 May 1988, 24.

²⁰ Steven J. Hood, op. cit., 475; Kuo Hung-chih, "Kuo-ts'e-hui yu ming-chu-chi-chin-hui nien-ti tui kuo-min-tang-chung-yang te ch'ung-chi," [The Strike of the Association of National Development Promotion and the Foundation of Democracy against the KMT's Central Office in the Year-End Election] *Hsin-hsin-wen* [The Journalist], 1-7 April 1991, 54-56.

²¹ Steven J. Hood, op. cit., 475-476.

²² Ibid., 476-478.

²³ Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan], op. cit., 233.

²⁴ Peter R. Moody, Jr., *Political Change on Taiwan: A Study of Ruling Party Adaptability* (New York: Praeger Publishers, 1992), 121.

²⁵ Chen Ming-tung, "Local Factions and Elections in Taiwan's Democratisation," op. cit., 183.

²⁶ Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan] op. cit., 234-236.

²⁷ Chou Yu-kou, *Lee Teng-hui te i-ch'ien-t'ien* [The One Thousand Days of Lee Teng-hui] (Taipei: Mai-tien ch'u-pan-she, 1993), 228-233.

²⁸ Chen Yu-hsin, "Chuan-fang tzung-tung-fu tsu-cheng chiu-chuan-huan tan kuo chia-fa-chan-ts'e-chin-hui chi-chi ching-hsuan tzung-tung te k'ao-lu," [Interview with Senior Advisor of the President Chiu Chuang-huan to Talk about His Establishment of the Association for National Development Promotion and His Plans to Join Presidential Election] *Hsin-hsin-wen* [The Journalist], 17-23 December 1990, 47-49; Yang Shang-chiang, *Ni-pu chih-tao te chiu-chuang-huan* [Chiu Chuang-huan's Political Life] (Taipei: I-chiao ch'u-pan-she, 1997), 183-187; *Chung-kuo shih-pao* [China Times] (Taipei), 20 April 1991.

²⁹ Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan], op. cit., 235.

³⁰ Ibid., 215.

³¹ Chou Yu-kou, op. cit., 191-195.

³² Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan], op. cit., 233.

³³ Chen Ming-tung and Chu Yun-han, "Ch'u-yu-hsing lien-ho tu-chan ching-chi, ti-fang-p'ai-hsi yu shen-i-yuan hsuan-chu: I-hsiang shen-i-yuan hou-hsuan-jen pei-ching tsu-liao fen-hsi," [Regional United and Monopolised Economy, Local factions, and Elections to Provincial Assemblymen: The Analysis on the Background Information of Candidates to Provincial Assemblymen Elections] *Journal of National Scientific Committee: Humanity and Social Science* vol. 2 (1992): 77-97.

³⁴ Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan], op. cit., 237-238.

³⁵ Shiau Chyuan-Jeng, op. cit., 218.

³⁶ Chu Yun-han, *Crafting Democracy in Taiwan* (Taipei: Institute for National Policy Research, 1992), 133.

³⁷ Ibid., 134.

³⁸ Ibid. 134-135.

³⁹ Ibid., 136.

⁴⁰ Ibid.

⁴¹ Ibid., 137.

⁴² Shiau Chyuan-Jeng, op. cit., 222.

⁴³ David Dean, "US Policy in a Time of Rapid Political Change on Taiwan," in Harvey J. Feldman (ed.) *Constitutional Reform and the Republic of China* (London: An East Gate Book, 1991), 52.

⁴⁴ Ibid.

⁴⁵ Chu Yun-han, op. cit., 138.

⁴⁶ Shiau Chyuan-Jeng, op. cit., 219.

⁴⁷ Ibid., 219-220.

⁴⁸ Chu Yun-han, op. cit., 141.

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- ⁴⁹ Shiau Chyuan-Jeng, op. cit., 220.
- ⁵⁰ Ibid.
- ⁵¹ Chu Yun-han, op. cit., 141.
- ⁵² Ibid., 144.
- ⁵³ Tien Hung-mao and Chu Yun-han, "Building Democracy in Taiwan," *The China Quarterly* vol. 148 (1996): 1149.
- ⁵⁴ Hsu Jui-hsi, *Cheng-shang kuan-hsi chieh-tu* [The Analysis of State-Business Relationship] (Taipei: Yuan-liu ch'u-pan-she, 1992), 127-150.
- ⁵⁵ Ling Tsai and Ramon H. Myers, "Winds of Democracy: The 1989 Taiwan Elections" in Hoover Institution Reprint Series, vol. 136 (1990): 69-70; David B. Magleby and Candice J. Nelson, *The Money Chase: Congressional Campaign Finance Reform* (Washington DC: The Brookings Institution, 1990), 36; quoted in Shiau Chyuan-Jeng, op. cit., 221.
- ⁵⁶ Michael Ying-mao Kau, "The Power Structure in Taiwan's Political Economy," *Asian Survey* (March 1996): 302.
- ⁵⁷ Shiau Chyuan-Jeng, op. cit., 220.
- ⁵⁸ Interviews with Professor Chen Ming-tung at National Taiwan University in Taipei on 26 July 1996 and 26 July 1997.
- ⁵⁹ Chu Yun-han, op. cit., 143.
- ⁶⁰ Wang Cheng-huan, op. cit., 84-85.
- ⁶¹ Shiau Chyuan-Jeng, op. cit., 214.
- ⁶² Huang Teh-fu, op. cit., 113.
- ⁶³ Shiau Chyuan-Jeng, op. cit., 223.
- ⁶⁴ Ibid.
- ⁶⁵ Wang Cheng-huan, op. cit., 143-157.
- ⁶⁶ Ibid.
- ⁶⁷ Chu Yun-han, op. cit., 145.
- ⁶⁸ Ibid., 146.
- ⁶⁹ Tien Hung-mao and Chu Yun-han, op. cit., 1150.

- ⁷⁰ Lucian W. Pye, "Money Politics and Transitions to Democracy in East Asia," *Asian Survey* (March 1997): 213-228.
- ⁷¹ Chu Yun-han, op. cit., 143.
- ⁷² Chao Yung-mao, op. cit., 269.
- ⁷³ Wang Li-shing, *Wu-kuei: Hao Pai-tsun te cheng-chih-chih-lu* [Political Tour of Hao Pai-tsun] (Taipei: T'ien-hsia wen-hua ch'u-pan-she, 1994), 205.
- ⁷⁴ Chen Ming-tang, "Local Factions and Elections in Taiwan's Democratisation," op. cit., 191.
- ⁷⁵ Ibid., 189-190.
- ⁷⁶ Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan] op. cit., 250.
- ⁷⁷ Chen Ming-tang, "Local Factions and Elections in Taiwan's Democratisation," op. cit., 191.
- ⁷⁸ Chao Yung-mao, op. cit., 315.
- ⁷⁹ Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan], op. cit., 242-243.
- ⁸⁰ Chao Yung-mao, op. cit., 283-284.
- ⁸¹ Michael Ying-mao Kau, op. cit., 303.
- ⁸² *Hsin-hsin-wen*, 25 December 1995; quoted in *ibid.*
- ⁸³ Chao Yung-mao, op. cit., 234.
- ⁸⁴ Lee Nam-Young, "The Structure of Democratic Belief System: An Analysis of Political Culture in Korea," *Korea and World Affairs*, vol. 7 (Winter, 1983): 644-645; quoted in Chao Yung-mao, op. cit., 137 and 268.
- ⁸⁵ Michael Ying-mao Kau, op. cit., 304.
- ⁸⁶ Ibid., 305.

CHAPTER 8

Conclusion and Reflections

8.1 Research Summary and Findings

This research adopted the factionalism approach, which assumes a situation where political elites and political institutions rely exclusively upon clientelist ties to structure political action, to investigate the relationships among the KMT's mainlander ruling elites, among Taiwan's indigenous elites, and between the KMT regime and local factions. Through the analysis of changes in the clientelist relationships between the KMT and local factions, I attempted to offer a new as well as fresh theoretical contribution so as to supplement the inadequacies of existing theories in the study of Taiwan's democratisation.

This study presumed that the key to Taiwan's democratic transition was the conflict and disunity within the KMT's ruling structure. The fracturing of the clientelist alliance relations between the KMT and local factions in the late 1970s, when the central authorities of the KMT adopted a faction replacement policy to reduce the overall power of local factions, provided fertile ground for the rise of political opposition whose strategic interaction with the regime finally drove Taiwan toward democracy. The study dealt with two spheres of clientelism in Taiwan: patron-client relationships between the KMT and local factions and clientelism within local factions (between factional leaders and their clients, i.e. their factional members).

The first two chapters of this thesis focused on both democratisation and factionalism theories. A literature review was provided. Through analyses of the literature of Taiwan's democratisation in Chapter One, I highlighted the value and significance of my adoption of the factionalism approach to the study of the origins and process of Taiwan's democratisation. The research approach and methods were also discussed. In Chapter Two, in addition to reviews of factionalism theories, I presented a figure to explain the relationship between the change of the KMT's clientelist alliances with local factions and the strength of the KMT's authoritarian control. It was my research framework for this study.

Chapter Three dealt with the KMT's policies to establish authoritarian rule after it moved to Taiwan in 1949. This chapter began with a discussion of the KMT's political establishment in the early 1950s. Under strong political, economic, and military support from the USA, the KMT took several steps to restore its ruling capacity and to legitimise its governance. These included: the suspension of the Constitution by temporary provisions which put the state under emergency rule; the suspension of elections at national level which maintained the basis of the immigrant elites' dominance of national politics; the re-organisation of the KMT which re-established the KMT as a Leninist party, and the establishment of despotic control over civil society.

Since Chiang Kai-shek believed excessive factionalism had led to the KMT's loss of the Chinese mainland, eliminating factionalism became one of the aims of the KMT's political establishment after the KMT moved to Taiwan. The KMT initiated campaigns against factionalism within its own ranks. Major KMT mainlander factions were removed from the political stage. The KMT's elimination of its own factionalism was the main theme of the second part of this chapter. The final section of this chapter investigated the KMT's establishment of control over local Taiwanese elites. Indigenous political leaders who opposed

political forces were suppressed. However, the KMT's lack of governing experience and of a popular base in Taiwan drove the KMT to encourage a depoliticised form of factionalism in society more generally, so as to widen its legitimacy.

Chapter Four focused on the KMT's establishment of its clientelist alliances with local political elites. It began with a discussion of the origins of Taiwanese local factions. Then, this chapter explained the organisational characteristics and operation of local factions. Next, it examined the KMT's institutionalisation of its relationships with local factions through patronage systems. The chapter argued that Taiwanese local factions were neither simple outgrowths of Taiwan's traditional socio-cultural roots, nor the outcome of the KMT's institutional designs. Rather, they were institutions developed under the special historical, social, economic, and political circumstances of Taiwan's pre- and post-war experiences.

The second major finding of this chapter was that Taiwanese local factions are a kind of informal organisation. They are not part of any formal institution. They do not offer the same kind of political programme as a party would. They are groups who band together for the electoral success of one of their members, but they do not all actually stand for office themselves. To compete for public office is only one of the means for the development of local factions, but not their ultimate purpose. Local factions tend to use the authority provided by public office to expand their organisational and economic strength so that they are able to continuously expand.

Based on their tremendous organisational strength to mobilise voting support in elections, the KMT deliberately fostered and manipulated local factionalism so that the immigrant KMT was able to rule the native population.

Using its opportunities for patronage, the KMT constituted clientelist alliances with local factions. This chapter concluded that the KMT-local faction clientelist alliance structure had two underlying problems: the Taiwanese-mainlander rift and the institutional autonomy of local factions, which together undermined the clientelist structure and, launched Taiwan's political liberalisation and democratisation in due time.

Chapter Five was the main focus of this thesis. First, this chapter reviewed the KMT's political as well as economic counter policies in the early 1970s after the regime was plunged into a legitimacy crisis as a result of Taiwan's diplomatic setbacks. Then, it examined how the KMT's hard authoritarianism was transformed to a soft form in the context of the implementation effects of its counter policies. Next, it discussed how the KMT's attempts to reduce the overall power of local factions fractured the regime's clientelist alliance relations with local factions. Finally, this chapter investigated how the rise and growth of a prospective opposition strategically interacted with the KMT and how the democratic opposition movement finally drove the KMT to open up its politics.

This chapter concluded that the breach in the KMT's alliance relations with local factions was the key factor that initiated Taiwan's political liberalisation and democratisation. Before 1977, the opposition had never gained enough strength to push the KMT to take measures for political opening. However, the KMT's attempts to remove local factions generated resentment among local factions which reacted against the KMT central authority by supporting the opposition candidates in elections. The opposition's increasing electoral support and the KMT's loss of its electoral popularity from the late 1970s drove the KMT to recognise the opposition as a political force. Strategic interactions between the opposition and the KMT finally forced the KMT to address the issue of democratisation.

Chapters Six dealt with the development of factional politics within the KMT after the death of KMT strongman Chiang Ching-kuo in 1988. It firstly investigated the causes of the KMT's factionalism in the post-Chiang Ching-kuo era. It found that ethnic cleavages between Taiwanese and mainlanders, and Taiwan's political changes, i.e. liberalisation and democratisation, were the two major causes of the KMT's factionalism between 1988 and 1993. The transition of power fuelled these underlying problems which created political conflict between the KMT mainstream and non-mainstream factions.

During the years of intra-KMT factionalism in the post-Chiang Ching-kuo era, the party's mainland policy played a significant role. Factional disputes between the two KMT factions in general developed around the issue of the KMT's mainland policy and foreign policy under the leadership of Lee Teng-hui. However, the mainstream and non-mainstream faction's views on the party's mainland policy were not far apart, according to analyses in the third part of this chapter. Differences existed only in the details of the policy, but were exaggerated under factionalism. Chapter Six concluded that ideological conflict only played a small role in the KMT's factionalism in the post Chiang Ching-kuo era. The struggle for power was the primary reason.

Chapter Seven focused on the development of local factions after the collapse of authoritarian rule. During the authoritarian years, local factions were kept out of national politics by a series of institutionalised devices. Old constraints and barriers to prevent local factions from expanding out of their districts, however, were no longer effective after the collapse of the KMT's authoritarian rule. The KMT's factionalism under leadership of Lee Teng-hui further boosted the expansion of local factions as both KMT factions attempted to ally with local factions so as to increase their influence in political leverage. Local factions soon emerged in the national political area, shown by the

numerous factional members in the state and party representative bodies.

This chapter also examined the issue of the state-business relationship. Under authoritarian rule, the KMT was able to keep a clear distance between local factions and business groups. However, with Taiwan's political and economic changes in the 1970s and 1980s, local factions transformed themselves into local political-business blocks while business groups became more enthusiastic about pursuing their economic interests through politics. The emergence of local factions and business groups in the national political arena inevitably became involved in the whole relationship between the two. Unfortunately, the convergence of local factions and business groups resulted in money politics and structural corruption which are the two major problems for Taiwan's future political development.

In conclusion, the basic logic of this study of the origins and process of Taiwan's democratisation is the following. After 1949, the KMT sought to stamp out factionalism within its own ranks, but actively encouraged a depoliticised form of factionalism in society more generally so as to widen its legitimacy. However, underlying problems, i.e. the Taiwanese-mainlander rift and the institutional autonomy of local factions, caused changes in the KMT's clientelist alliances with local factions. With political and economic changes over time, the growth potential of local factions was enhanced. Later, the KMT became worried by the enhanced influence of local factions and tried to curb them. Reactions from local factions against the KMT's faction replacement policy in the late 1970s undermined the KMT's own unity and provided a fertile ground for the rise of the political opposition. In turn, this increased the pressure for democratisation.

Table 8.1 The Changing Relationships between the KMT,
Local Factions, and the Opposition/ DPP

	1949-1972	1972-1986	1986-1996
KMT Authoritarian Control	Strong	Strong, but gradually declining since the early 1980s	Weak
KMT Ruling Society	Unified	Unified despite internal debate between hard-liners and soft-liners	Separated into mainstream and non-mainstream factions
The KMT-Local Factions Alliances	The KMT was the supreme patron of local factions while the latter were followers	The KMT retained its dominance over local factions but this gradually declined	Local factions became the KMT's political partners with equalised political status
Influence of the Opposition	Weak	Weak, but gradually influencing both national and local politics since the 1980s	Became an able political competitor against the KMT with opportunity to hold the ruling power
The Opposition vs. Local factions		Potential strategic alliances	Open political alliances

8.2 Research Assessment and Contributions

A variety of theories have been considered to study the origins and process of Taiwan's democratisation. Modernisation theory posits that Taiwan's democratic transition was a consequence of rapid economic growth and social change; the transition approach focuses on the institutional efforts of the political opposition; one form of democratisation theory emphasises the key role of an individual leader, in this case Chiang Ching-kuo; and the structural approach calls for attention to the analysis of external influence.

However, modernisation theories are insufficient to explain the origins of Taiwan's democratisation since modernisation can create certain pressures for authoritarian regimes, but it does not necessarily result in political democratisation. The transition approach provides an effective perspective to the study of the Taiwan's democratic transition, but it overlooks the role of the KMT in the process of political change. Analyses which focus on Chiang Ching-kuo's individual contribution to Taiwan's democratisation, however, ignore the efforts from below. As for the view of democratisation from the outside, it exaggerates external influence on Taiwan's democratic reforms. External factors can determine the process of democratisation only if there is a direct intervention by foreign factors or cataclysmic external events.

In light of the insufficiencies of the above-mentioned theories in the study of Taiwan's democratisation, this thesis focuses on the effects of conflict and disunity within the KMT's own ruling structure as the origins and process of Taiwan's democratisation. Through analysis of the development and change of the coalition relationships between the KMT and local factions, this study agrees with Chen Ming-tung that change of state apparatus is normally caused by conflict and disunity between ruling elites.¹ It concludes that conflict and disunion between the KMT regime and its institutional clients, i.e. local factions, is the key factor in explaining Taiwan's democratic transition.

In retrospect, the political opposition unquestionably played an indispensable role in the process of Taiwan's democratic transition. The KMT's agreement to expand political participation and initiate democratic reforms would not have been possible without the efforts of the political opposition. However, the rise and growth of the political opposition was actually advanced by the KMT itself. First, the breaching of the KMT's clientelist alliances with local factions undermined the KMT's own unity. Support from these local factions, which reacted to KMT central authority as a result of the KMT's attempts to remove their influence in the late 1970s indirectly contributed to the opposition's electoral victory in the 1977 electoral contests. After the elections, the opposition's influence in both national and local politics began to expand.

Moreover, debates within the KMT's own ranks (between KMT hard-liners and soft-liners) over the speed and scope of democratic reforms in the 1980s helped the opposition to adjust its strategies to engage with the KMT regime. By skilful co-ordination of a mass movement on the streets and opposition in the Legislative Yuan, the delicate setting of a negotiation agenda, and the taking advantage of internal political debates within the KMT, the opposition effectively created pressure against the authoritarian regime. Under strong pressure, the KMT agreed to an expansion of political participation and then to address issues of democratisation.

Furthermore, the KMT's intra-party factionalism in the post Chiang Ching-kuo era further moved Taiwan's political democratisation forward. Facing challenges from KMT conservative leaders, Lee Teng-hui enticed co-operation from local factions, business groups, the opposition DPP, and the social movement to accelerate democratic reforms, especially in the direction that would effectively undermine the power of his rivals. Accordingly, democratic reforms became a means for Lee Teng-hui to struggle against and marginalise his political rivals. Political contention between the KMT mainstream and the non-mainstream factions accelerated the process of democratisation.

This study was based on Chen Ming-tung's correlative study of the KMT's patron-client relationships and its political development. But it have also gone beyond his research. As I mentioned in Chapter One, my study is similar to Chen Ming-tung's work as both our studies look into the political dynamics of Taiwan through analyses of changes within the KMT's factional politics. But his study does not clarify how the conflict within the KMT's ruling structure, i.e. between the KMT and local factions, caused Taiwan's democratic transition, though he pinpoints the importance of the relationship between the change of the KMT's clientelist alliances with local factions and the strength of its authoritarian rule, and concludes that the fracture of the KMT's clientelist alliances with local factions was the crucial factor of Taiwan's democratisation.

That is why Chen Ming-tung's study on it own seems weak in explaining why the KMT was at first able to exert tight control over local factions as well as the political opposition, but was then unable to continue doing so after the 1970s, how did local factions' support of the opposition trigger Taiwan's democratic transition, and why did the KMT have to restore its coalition ties with local factions after the collapse of the KMT authoritarian rule despite its attempts to reduce the overall power of local factions in the late 1970s and 1980s.

Nevertheless, my research focuses on how changes in the KMT's factional politics and especially its clientelist alliances with local factions contributed to Taiwan's democratic transition. This study not only adopts the factionalism approach to investigate the KMT's factional politics, but also take account of the socio-economic, institutional, and external influence on Taiwan's democratisation. By examining the relationship between the change of the KMT's factional politics and Taiwan's democratic transition, I have offered a dynamic study of Taiwan's democratisation. In other words, my study goes further Chen Ming-tung's work in the sense that I have made systematically

theoretical integration of propositions of the modernisation, transition, and structural approaches to analyse the KMT's factional politics and Taiwan's democratic transition.

In short, this study highlights the significance of conflict between KMT elites in Taiwan's democratic transition. This view offers a convincing explanation to supplement the inadequacy of existing theories in the study of Taiwan's democratisation. It also provides a dynamic perspective for studying Taiwan's democratisation. Furthermore, many of the research materials used in this study have not been previously used in English academic literature. These factors could be viewed as the three most outstanding contributions of this study. Admittedly, the Taiwanese case is not sufficient in itself to demonstrate the general usefulness of the theoretical proposition delineated here. It requires further comparative studies of various country cases of democratisation, so that the relation between the disunity and conflict of ruling elites and the process of democratic transition can be more clearly demonstrated.

8.3 The Future of the KMT's Factional Politics

After the end of strongman politics in the late 1980s, a plausible hypothesis emerged that the KMT could eventually evolve into a factional structure similar to that of the Japanese Liberal Democratic Party (LDP). First, local factions broke through the old constraints and barriers to the formation of inter-county and inter-city alliances. They made a series of nationwide coalition moves which undermined the KMT's dominance over party and central government agencies. Meanwhile, many political subgroups based on local factional members emerged in legislatures at all levels.

Moreover, the central KMT leadership separated into mainstream and non-mainstream factions in the early 1990s as a result of political contention over the party's nomination for its official candidates for the eighth presidential election. A complete vertical alignment between KMT factions and local factions seemed to appear. The similarities of electoral systems (i.e. the multi-member single-vote constituency system which are adopted by both Taiwanese and Japanese governments for elections to legislative bodies) is also commonly seen as auspicious for the rise of intra-party factionalism.

Furthermore, Taiwan may also be seen as resembling the Japanese one-party dominant democratic party system since the KMT exercises a predominant role. Despite the collapse of the KMT's authoritarian rule in the late 1980s and the opposition DPP's landslide victory in 1997 local elections, the KMT still has a high capacity and opportunity to remain in power based on its abundant political and economic resources. If so, competition between intra-party political groups might replace that between parties, leading to the prevalence of political factionalism within the KMT.

Several organisational characteristics of the factional structure of the pre-1993 Japanese LDP are observable. First, factions of the LDP are basically of the generic client-group type, but more public and symbolic than personal and private. Power tends to be dispersed rather than concentrated in one position. They are highly institutionalised with established headquarters, regular meetings, fixed and known memberships, and regular sources of funds, functioning to help their members with the cost of elections. Factions develop parasitic ties with business groups which are able to provide abundant capital resources for factions to expand their political power. Therefore, the LDP is based on money factional politics.

Second, the national legislative body, i.e. the Japanese Diet, is the primary political arena of LDP factions. The overall power of factions is to be measured according to their seats in the Japanese Lower House after each election or realignment. The formation of the cabinet is allocated according to factional electoral strength. Even the smallest faction receives some positions of secondary importance and seniority.² However, factions also expand horizontally to the party and central government agencies. High-ranking posts in the party and central government agencies, especially the party's Director-General, are targets for faction competition. The distribution of strategic party and government positions depends on the overall power of each faction.

Third, factional members are principally members of the Diet. At the centre, members are positioned hierarchically from factional leaders down to senior parliamentarians, and finally the juniors. The qualification for being factional leaders depends on the capability to channel funds to their followers. Besides, every Diet member has his own permanent campaign organisation, i.e. *koenkai*, in the locality. The activities of *koenkai* can be categorised as two types: day-to-day activities and election campaigns. The activities of the *koenkai* during the non-election period can be characterised as social and non-political. At election time, the *koenkai* turns into an effective machine for election campaigning to mobilise votes for electoral victory.³

Although *koenkais* are not part of the party organisation but founded and maintained by individual Diet members, there is no denying that the strength of the LDP depends to a large extent on the organisation of the *koenkai*.⁴ Within the LDP factional structure, there is a complete vertical factional alignment from the central level to the local. Factional structure displays itself as a web, but factions in the Diet are the pivot of the central-local vertical alignment and a horizontal part of the parallel relationship with the party and central government agencies.

As for the case of the KMT, there is not such a complete vertical alignment between its factions at national, city-county, and *hsiang*-townships levels. Both KMT mainstream and non-mainstream factions were at least vaguely associated with a political tendency or programme. Although they attempted to form coalitions with local factions and business groups during the years of intra-party factionalism, they are far less institutionalised to form a complete vertical alignment down to the levels below. A structural problem for a complete vertical alignment to develop in the KMT can be analysed by a comparison between Taiwanese local factions and the LDP's basic organisations, *koenkais*. They are different from each other in terms of organisational purposes, institutionalisation and memberships.

Though both Taiwanese local factions and LDP *koenkais* are organisations outside the formal structure of institutions, i.e. the KMT and the LDP, members of neither local factions nor *koenkais* all actually stand for office themselves. However, local factions in Taiwan/ the KMT are far less institutionalised compared with *koenkai*. Most importantly, *koenkais* are founded by Diet members who are also members of central party factions. The link between *koenkais* and central factions is evident. However, Taiwanese local factions are political groups exclusively founded and maintained by local elites. Factions in the central level have little to do with local factions. In reality, the separation between KMT local departments and organisations of local factions has also caused problems of developing a factional structure with complete central-local vertical alignment.

Moreover, the nature of legislative factionalism in Taiwan is not quite the same as in Japan. The Taiwanese Legislative Yuan is less strategically important than the Japanese Diet due to the difference of governmental systems of the two countries. KMT factions in the Legislative Yuan do not have institutionalised means to expand to the party and central government agencies. Besides, there seems to be no close congruence between factions in the Legislative Yuan and local factions. Most leaders of

KMT subgroups in the Legislative Yuan are not leaders of local factions to which they belong.

Furthermore, the patron-client connection, organisational strength, and discipline of KMT political groups in the Legislative Yuan are far weaker than the LDP factions in the Diet. Individual legislators still rely on their local factions rather than legislative factions in seeking party nomination and reelection. Most importantly, the KMT centre still retains a certain control over factions in the legislative Yuan and the locality based on its Leninist characteristics and traditional party-state structure. Factions in both the Legislative Yuan and in the locality are unable to dominate major political power although their influence have been boosted by Taiwan's democratisation.

Finally, the KMT in a quite unique way enjoys an independent financial base which operates on an unheard-of scale in any representative democracy. The KMT's party-owned enterprises have grown into one of the largest diversified business groups on Taiwan during the 1980s and early 1990s. According to Tien Hung-mao and Chu Yun-han, the KMT has either direct ownership or indirect investment in more than 66 companies including 9 companies listed in the Taiwan Stock Exchange and 27 public companies. The book value of the party's stake in these 36 public companies alone was worth more than US\$ 2.4 billion by the end of 1991. The KMT business empire generates more than US\$ 160 million of dividends a year.⁵ Its strong financial foundation allows the central party authority to run a huge party apparatus, retain a 4,000-strong full time staff, prop up a strong central leadership, continue to entice cooperation from local factions, and minimise its dependence on political donations from big business.⁶

Therefore, unlike the Japanese case, Taiwanese capitalists are far less influential in politics. The KMT avoided organising businesses or picking out 'national champions' in order to prevent the emergence of large consortia before the 1990s. Economic authorisation was restricted to the upper level of the manufacturing structure and the

banking sector. Under such circumstances, Taiwan's economic structure consists of mainly middle-sized entrepreneurs. In contrast, Japanese economic structure comprises predominantly multinational businesses and industrial groups that have considerable influence over political and economic development. Despite dramatic expansion after the late 1980s, the political as well as economic strength of Taiwanese capitalists is still incomparable with that of their Japanese counterparts.

Three institutional factors prevent the KMT from moving to the same factional structure as the pre-1993 Japanese LDP. First, the LDP was constituted by several conservative forces at the beginning of its history (the LDP was established in November 1955). Its power structure is decentralised, depending on a coalition among various factions within the LDP. The party centre has limited power over its members and also factions. By contrast, the KMT is a Leninist party. From the central to the local levels, the party establishes rigid organisational networks, enjoying great ability to penetrate social organisations and control its party members. The power of the KMT is highly centralised and this does not encourage the development of a factional structure as in the LDP.⁷

Moreover, the dissimilarity of party power structure presents another institutional constraint. In the LDP, the power centre is constituted by the elected party elites in the Diet. The party branch in the Diet becomes the power centre of the party's central authority. Central decision-making power is held by elected party elites in the Diet. In contrast, in the KMT case, central decision-making is controlled by party leaders at the party's central office rather than its members in the Legislative Yuan. The party branch in the Legislative Yuan is a subordinate unit of the party centre. The party central authorities enjoy a certain power over the members and factions in the national legislative body.⁸

Furthermore, the difference in governmental systems between Taiwan and Japan will not allow the KMT to resemble the factional structure of the pre-1993 LDP. In a parliamentary system, whether the prime minister can hold on to power depends on majority support from the parliament, hence is more willing to share power with factions within the same party. Besides, the cabinet is recruited by members of the majority party in the parliament. Factions in the parliament are able to expand horizontally to the cabinet. Cabinet posts provide fertile ground for the development of intra-party factionalism. In the presidential system, however, members in the national executive body are not necessarily from the national legislative organ. Factions in the legislative body lack institutionalised channels to move to the national executive unit of the central government. Also, the presidential winner-take-all system with fixed tenure for the chief state executive is not conducive to factional consortia.⁹

All in all, Taiwan could possibly move to one-party dominant democratic system as in the Japanese model, where a ruling conservative party, the LDP, dominates the political scene through electoral support garnered on the basis of performance if the KMT is capable of retaining hold of the ruling power in elections. However, a similar degree of factional structure as the pre-1993 LDP is unlikely to develop in the KMT.

The development of Taiwanese local factions in the future is another important issue which should be discussed here. To what extent democratisation will affect the traditional patron-client relationships in Taiwan's local units seems an interesting question for theorists of both patron-client and democratisation approaches. Basically, most of the literature on patron-client theories agrees that democratisation and clientelism cannot both continue to increase in strength. Either democratisation will decrease due to clientelism, or clientelism will diminish in the face of the democratic challenge. However, the second trend is argued for in most of the literature¹⁰

Several scholars have suggested that democratisation will result in the decline of the strength of clientelist relationships and local factions. For example, Joseph Bosco stated that the local factions will inevitably break up due to increasing levels of socio-economic development and democratisation.¹¹ Chao Yung-mao claimed that preconditions of democratisation, i.e. socio-economic modernisation, will diminish the power of local factions.¹² Wang Chen-shiuen purported that patron-client relationships and local factions will eventually disappear as a result of increasing democratic and socio-economic growth.¹³ Chang-hee Nam mentioned that the growth of group politics and the emergence of modern democracy will lead to the objective and impersonal implementation of laws that in turn undermine clientelism.¹⁴

Carl H. Lande, one of the leading scholars of patron-client theory, also considers that democratisation tends to erode clientelist relationships in modernising societies. As he pointed out, some components of democracy, such as a political bureaucracy, an easily taxable populace, a market economy, and freedom of association activity, make clientelist relationships less attractive.¹⁵ In particular, democratisation encompasses not only economic development and formalised democratic institutions, but also widespread social changes which will eventually result in changes in public ideas or attitudes toward non-democratic structures such as patron-client relationships or local factions.¹⁶

However, socio-economic modernisation and democratisation have not resulted in the disappearance of local factions in Taiwan although Taiwan is rapidly democratising. Local factions are still active in present-day Taiwan, showing their remaining popularity in some areas, especially in the rural, in electoral contests. According to my study in Chapter Seven, the influence of local factions has not faded with socio-economic modernisation. Factional candidates are still more likely to be elected than non-factional candidates. Their capability to achieve electoral mobilisation in local politics has not declined. Local factions still enjoy certain popularity in election campaign.

Generally speaking, proponents who claimed that socio-economic modernisation and democratisation will result in the breaking up of the patron-client institutions in Taiwan's local units ignore the influence of traditionally socio-cultural roots on Taiwanese local factions. So long as the Confucianist essence of intense familism and its emphasis of "the group over the individual" prevails, patron-client relationships and local factions may not disappear in Taiwan. What is more, since the KMT have relied on local factions to pursue electoral success for decades, the intertwining interests between the KMT and local factions will not disappear in a short time. This is re-enforced by evidence of the KMT's enthusiastic fortification of its clientelist relationships with local factions in recent years. The DPP has also developed its own form of patron-client relationships with local political forces. Political encouragement may actually continue to sustain the patron-client structure in Taiwan's local units.

As John Duncan Powell mentioned, the traditional clientelist relationships will not always immediately be destroyed by rising socio-economic levels and political institutionalisation. Since clientelist relationships are dependent upon face-to-face interaction, such relationships can be enforced only by the participants themselves, not by any outside agency.¹⁷ Besides, the nature of dyadic alliances also make the clientelist relationships flexible and resistant to detrimental destabilising challenges from the operating milieu.¹⁸

In fact, even in western industrialised countries such as Britain, the United States, and France, clientelism still exists and works, but in a more delicate way. Although the dominance of local factions and, closely related to it, the emergence of money politics, which have invited increasing public criticism of the KMT and undermined the KMT's popularity, have already driven the KMT to re-examine its clientelist alliance relationships with local factions in the long-run terms, local factions will still exist in Taiwan.

In summary, socio-economic development may not always result in the breaking up of clientelist alliances. Rather, the clientelist relationships can persist in the face of increasing modernisation and democratisation, but the functions and services provided by local factions may change. This suggests that Taiwanese local factions will not disappear but exist in different forms with different functions.

8.4 Issues for Further Research

The factionalism approach posited here assumes a situation where political elites and political institutions rely exclusively upon clientelist ties to structure political action. The clientelism theory has become one of the most predominant conceptions in the study of the KMT authoritarian regime. Researchers such as Chu Yun-hen, Chen Ming-tung, and Wakabayashi Masatake have all confirmed the significance of clientelism for the KMT's political management in the time of authoritarian rule.¹⁹ Through the regime patronage system, the KMT was able to gain support from local elites and penetrate Taiwanese society, so that the KMT's legitimacy could be maintained.

With political democratisation and economic liberalisation, new political situations have gone beyond the reach of the research framework delineated in this thesis. Clientelist relations basically refer to a vertical dyadic alliance between two parties of unequal status, power or resources. Under authoritarian control, local factions acted as political clients that offered political allegiance to and exchanged economic privileges with the KMT. The role of local factions, however, profoundly changed after the collapse of authoritarian rule and Taiwan's economic liberalisation.

Though the nature of interest exchange relationships between the KMT and local factions did not change, the old patron-client relationship between the KMT central authorities and local factions did alter. Based on their increased power, both political and

economic, local factions rose to the national political arena and gradually penetrated the KMT party-state apparatus. The KMT is no longer capable of directing local factions to meet its political needs. The weakening of KMT control coupled with the growing strength of local factions thus led to the change of the nature of the traditional patron-client relationship. Local factions have now become the KMT's coalition partners of equal status.

In addition, the emergence of the issue of state-business relationship further highlights the insufficiency of the clientelism approach in the study of the KMT's factional politics. Local factions began to transform themselves by connecting with business groups or by becoming businessmen themselves from the early 1970s, as electoral competition became intense and campaigns became very expensive. With Taiwan's rapid economic growth and urbanisation, local factions expanded dramatically in terms of economic strength based on their dominance of regional monopolistic businesses and land appreciation (following urbanisation). In the 1990s, local factions developed as political-economic blocs.

On the other hand, the business community moved from its functional terrain and began to expand its political participation after a period of continuous economic development. The expansion of capital strength brought about a disaffection of the business community from the KMT's economic control. The business community exerted political efforts toward turning the state's policy-making in its favour. The growing influence of the business community finally drove the KMT to incorporate the business community in its political system. What is more, business groups have gradually become the KMT's significant coalition partners in its efforts to maintain legitimacy in the post-Chiang Ching-kuo era.²⁰

The state-business relationship became particularly apparent in the 1990s. During the intra-KMT factionalism in the post-Chiang Ching-kuo period, Lee Teng-hui developed closer partnerships with local factions and the business community. He allied with the two groups to reform the party-state and to neutralise resistance from mainland-oriented members within the KMT. More importantly, democratisation means a more competitive political system based on elections. To consolidate its power base under the new environment, the KMT top leadership has little choice but to deepen its reliance on local factions and establish its partnership with the business elites. Local factions and business groups became indispensable coalition partners of the KMT regime under the leadership of Lee Teng-hui.

As Wang Chung-huan argues, the Lee Teng-hui regime is a new political system allied with the capitalist class and local factions. On the one hand, the regime has developed closer partnerships with the business community to achieve the necessary social and economic support for the new KMT regime. On the other hand, the regime has advanced its alliances with local factions to achieve electoral success in order to maintain the KMT's political authority.²¹ The strategic alliances among the new KMT regime, local factions, and business groups make the relationships among them very intricate.

Certainly, the issue of state-business relationship is not new. Rather, it previously existed on Taiwan's political stage. The state-business relationship, however, became particularly evident after the collapse of authoritarian control. In summary, the rise of both local factions and business groups in to the national political arena, and the convergence of local factions and the business community have reduced the significance of the subject of Taiwan's factional politics. As Chen Ming-tung pointed out, the study of state-business relationship will replace that of factional politics as one of the first research agendas in the study of the KMT regime in the near future.²²

The other issues for further research include a comparative study of various country cases of democratisation upon the factionalism approach, as I have previously mentioned. It would serve as a way to generalise the basic theoretical proposition embraced in this study, so that the relationship between the disunity and conflict of ruling elites and the process of democratic transition can be more clearly demonstrated. What is more, the issues of interest politics and parliamentary politics also demand further research efforts. As Taiwan's democratisation matures, traditional political patron-client structures will inevitably be replaced by a formal and institutional form of organisation such as interest groups. Therefore, the significance of these two topics will gradually increase.

¹ Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan] (Taipei: Yueh-tan ch'u-pan yu-hsien-kung-szu, 1995), 269.

² Robert A. Scalapino, "Informal Politics in East Asia: Introduction," *Asian Survey* (March 1996): 321.

³ Takako Hirose, *Two Asian Democracies: A Comparative Study of the Single Pre-dominant Party Systems of India and Japan* (Delhi: Konark Publishers PVT Ltd., 1994), 166-171.

⁴ *Ibid.*, 166.

⁵ Tien Hung-mao and Chu Yun-han, "Building Democracy in Taiwan," *The China Quarterly* vol. 148 (1996): 1156.

⁶ *Ibid.*

⁷ Hsu Jui-hsi, *Cheng-shang kuan-hsi chieh-tu* [The Analysis of State-Business Relationship] (Taipei: Yuan-liu ch'u-pan-she, 1992), 224-225.

⁸ *Ibid.*

⁹ *Ibid.*; Robert A. Scalapino, *op. cit.*, 331.

- ¹⁰ Wang Chen-shiuen, "Faction Politics in Taiwan: A Perspective on Patron-Client Theory," (Ph.D. thesis, University of Kansas, 1996), 265.
- ¹¹ Joseph Bosco, "Taiwan Factions: Guanxi, Patronage, and the State in Local Politics," *Ethnology* vol. 31 (1992): 157-183.
- ¹² Chao Yung-mao, *T'ai-wan ti-fang p'ai-hsi yu ti-fang chen-she te kuan-hsi* [The Relationship between Local Factions and Construction in Taiwan] (Kao-hsiung: Te-hsin-shih ch'u-pan-she, 1978), 77.
- ¹³ Wang Chen-shiuen, op. cit., 25.
- ¹⁴ Quoted in *ibid.*, 23-24.
- ¹⁵ Carl H. Lande, "Kinship and Politics in Pre-modern and Non-western Societies," in MacAlister, Jr., Johan T. (ed.), *Southeast Asia: The Politics of National Integration* (New York: Random House, 1973), 96; quoted in Wang Chen-shiuen, op. cit., 24.
- ¹⁶ Carl H. Lande, "The Dyadic Basis of Clientelism," in Steffen W. Schmidt, Laura Guasti, Carl H. Lande, and James C. Scott (eds.), *Friends, Fellows and Factions* (Berkeley: University California Press, 1977), xxx.
- ¹⁷ Quoted in Wang Chen-shiuen, op. cit., 39-40.
- ¹⁸ Yun Seongyi, "A Comparative Study of Party Faction in Japan and Korea," *Korea Observer*, vol. xxv (Winter, 1994): 560-561.
- ¹⁹ Chu Yun-han, "Kua-chan ching-chi yu wei-chuan cheng-chi ti-chih," [Monopolised Economy and Authoritarian Political System] in Hsiao Hsin-huang (eds.), *Lung-tuan yu pao-hsueh: wei-chuan chu-i te cheng-chi ching-chi fen-hsi* [The Analysis of Authoritarian Politics and Economy] (Taipei: Taiwan Studies Foundation, 1989); Chen Ming-tung, *P'ai-hsi cheng-chih yu t'ai-wan cheng-chih pien-ch'ien* [Factional Politics and Political Dynamics of Taiwan], op. cit.; Wakabayashi Masatake, *T'ai-wan: feng-lieh-kuo-chia yu min-chu-hua* [Taiwan: Divided Country and Democratisation] trans. Hsu P'ei-hsien and Hung Ching-chu (Taipei: Yueh-tan ch'u-pan yu-hsien-kung-szu, 1994).
- ²⁰ Shiao Chyuan-Jeng, "Elections and the Changing State-Business Relationship," in Tien Hung-mao (ed.), *Taiwan's Electoral Politics and Democratic Transition: Riding the Third Wave* (New

York: M.E. Sharp, Inc., 1996), 214.

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Appendix

Major Events of Taiwan's Democratic Development (1986-1998)

1986	29 March	The KMT establishes a task force comprised of twelve CSC members to suggest measures for political reforms after its Third Plenum of the Twelfth Central Committee.
	28 September	The Democratic Progressive Party (DPP) is established.
1987	23 June	The Legislative Yuan passes the <i>National Security Law during the Period of National Mobilisation for Suppression of the Communist Rebellion</i> . After the law becomes effective, the <i>Emergency Decree</i> in Taiwan and Penghus will be lifted.
	15 July	The <i>Emergency Decree</i> is lifted in Taiwan areas, the <i>National Security Law</i> is promulgated.
1988	1 January	Registrations for new newspapers are opened and restrictions on the number of pages per issue are relaxed.
	11 January	The Legislative Yuan passes the <i>Law on Assembly and Parades during the Period of National Mobilisation for Suppression of the Communist Rebellion</i> , which allows free demonstrations.
	13 January	Lee Teng-hui is sworn in as President following Chiang Ching-kuo's death.

1989	20 January	The Legislative Yuan passes the <i>Law on the Organisation of Civil Groups</i> .
	26 January	The Legislative Yuan passes the revised <i>Law on the Election and Recall of Public Officials</i> , and the <i>Law on the Voluntary Retirement of Senior Parliamentarians</i> .
1990	7 March	The KMT Central Standing Committee passes a draft revision of the <i>Temporary Provisions Effective during the Period of National Mobilisation for Suppression of the Communist Rebellion</i> .
	17 March	Thousands of university students stage a sit-down protest at the Chiang Kai-shek Memorial Hall Plaza to express opposition to the National Assembly's attempt to expand its authority.
	4 July	The National Affairs Conference concludes in Taipei, after six days of discussions on parliamentary reforms, the central and local government systems, the Constitution and mainland policy.
1991	22 April	The Second extraordinary session of the First National Assembly approves the abolishment of the <i>Temporary Provisions Effective during the Period of National Mobilisation</i> .
	1 May	The declaration of the termination of the Period of National Mobilisation for Suppression of Communist Rebellion and the abolition of the <i>Temporary Provisions</i> become effective.
	17 May	The Legislative Yuan approves the abolition of the <i>Statutes for the Punishment of Insurrection</i> .
	24 May	The Legislative Yuan approves the abolishment of the <i>Statutes for the Purging of Communists Agents</i> .
	21 December	Election for the Second National Assembly is held.
	31 December	All senior delegates to the First National Assembly, Control Yuan and Legislative Yuan retire from office.

1992	7 July	The Legislative Yuan passes a revision of the <i>National Security Law</i> , which would reduce the number of black-listed person non grata from 282 to 5.
	1 August	Taiwan Garrison General Headquarters, the ROC's highest security institution on the Taiwan area, is disbanded; and the Coastal Patrol General Headquarters is established under the Ministry of Defence.
	19 December	Election for the Second Legislative Yuan is held.
1994	3 December	Direct popular elections for Taiwan Provincial Governor, Taipei City Mayor, Kaohsiung City Mayor are held.
1996	23 March	Direct popular election for the President of the ROC is held.
1997	22 November	The first time the DPP won the elections for local executives with the highest percentage of popular votes.

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